Congressional Budget Justification, FY 2016

MILLENNIUM CHALLENGE CORPORATION
UNITED STATES OF AMERICA

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Executive Summary

(in $ millions)	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request
Total Appropriation	898.2	899.5	1,250.0
Compact Assistance	676.2	665.5	987.3
Threshold Program	20.0	30.0	30.0
Compact Development/Oversight: 609(g) and Due Diligence	92.0	94.0	119.3
Administrative Expenses	105.0	105.0	108.4
Office of the Inspector General	5.0	5.0	5.0

The Millennium Challenge Corporation (MCC) is requesting $1.25 billion for Fiscal Year (FY) 2016 to advance American values and interests overseas through partnerships that combat poverty, spur economic growth, and deliver results.

MCC was created with a call for a new compact for development defined by greater accountability for ourselves as well as our partners. Funding for MCC has led to measurable and remarkable improvements in the lives of the poorest, and has proven that poor countries will deliver on the promise of prosperity when given the right incentives. The FY 2016 request represents an opportunity to expand on the success of this model through continued innovation. This funding is needed to:

- *Deepen partnerships in Africa* by supporting long-term economic growth in two of the countries hardest hit by Ebola, Liberia and Sierra Leone, and by bringing new opportunity to Niger, one of the poorest countries in the world and a key ally in the struggle against violent extremism. Through a threshold program in Cote d'Ivoire, MCC is forging important new ties with a country that is ready for growth, while in Lesotho MCC will deepen an already-successful partnership.
- *Develop new partnerships in Asia* including a compact with Nepal—MCC's first-ever investment in South Asia—and new compacts with the Philippines and Mongolia.
- *Share innovation across the U.S. Government and development community.* Good data yields good policy. MCC has launched a partnership with the President's Emergency Plan for AIDS Relief (PEPFAR) to transform Africa's capacity to generate and use data to improve that life-saving program. Recognizing the central role women play in development, MCC also launched an effort to improve sex-disaggregated data for decision-making. With the requested resources, MCC will redouble these and other efforts to strengthen and share our data—including the independent evaluations (both performance and impact evaluations) and efforts at transparency for which the agency is internationally known.
- *Support regional growth.* Legislative language included in this request would allow MCC to make selective regional investments that facilitate trade flows, yield high economic returns, and deliver economies of scale. In Central America, MCC could link existing road infrastructure to promote

regional trade that will create economic opportunities in a region beset by the violence and economic desperation that fuels illegal immigration. In West Africa and South Asia, MCC could finance the development of infrastructure and policies to facilitate the regional trade in electricity in these two regions.

- *Leverage the U.S. and international private sectors.* MCC is opening the way for private investment in Africa's power sector by contributing to the Power Africa initiative and making investments in other MCC eligible countries where lack of access to electricity is a binding constraint to growth. The agency is working to increase investment and bankable public-private partnerships as part of its compacts by deepening the involvement of U.S. businesses in partner country programs through investment missions, new investment partnerships, and enhanced outreach.
- *Design better compacts, faster*. MCC will ensure new compacts are developed in a more efficient and rigorous manner with respect to cost, time and quality to ensure that high-quality compacts are designed rapidly following a country's selection by the MCC Board of Directors. Key changes, such as early and phased mobilization of compact development funding to support initial engagement with new country partners; streamlined analysis to more quickly identify core areas of focus; and new operational guidance for MCC country teams, will all support this effort.

The sections that follow provide additional detail on the priorities listed above, and on the specific funding requests for Compact Assistance, Threshold Programs, 609(g)/Due Diligence, Administrative Expenses, and the Office of the Inspector General.

Five-Year Budget Plan

Long-range planning is fundamental to the MCC model of development. MCC makes large, multi-year investments addressing partner country constraints to economic growth, and projects economic rates of return over 20-year windows to select projects with sustainable growth prospects.

Accordingly, the FY 2016 budget request incorporates projected five-year funding requirements that are based on MCC's historical size and execution rate of compact investments, including pipeline projections for funding at least three bilateral compacts each year, or two bilateral compacts each year and one regionally-focused investment every 2.5 years on average. The budget framework will be refined each year based on the most recent developments in the compact pipeline, information gathered from the agency's active portfolio and other relevant data, such as changes in the candidate country pool.

Compact Size and Fiscal Years' Appropriations Being Drawn on (in $ millions)

Country	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Compact 1 (bilateral)	267	409	418	428	438
Compact 2 (bilateral)	360	409	418	428	438
Compact 3 (bilateral) or	360	286	293	299	306

Country	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Regional Compact Funded Over 3 Years					
Total	987	1,104	1,129	1,155	1,182

*Dollar figures are estimates using an inflation assumption of 2.3 percent in accordance with OMB Economic Assumptions included with the FY 2016 President's Budget.

The FY 2016 budget request will assist in the efficient allocation of resources over time and will also have positive effects on MCC's potential and current partner countries. A high funding baseline will encourage potential partner countries to take difficult steps to improve policy performance to be selected for a compact because of the greater expectation of funding being available in the near future. Also, countries with compacts currently in development will need to compete among other partner countries for funding within the forecasted baseline with timely and high-quality project proposals.

If Congress does not provide concurrent compact authority as outlined later in this document, MCC will, consistent with historical practice, pursue a third bilateral compact each year on average, in lieu of a regional compact every 2.5 years.

Sharing Data to Increase Accountability and Local Engagement

> Sharing and utilizing data effectively is essential for holding donors and partner countries mutually accountable and will contribute to more effective use of budgetary resources from domestic and international sources.

MCC is seeking to improve the global availability, accessibility, quality, and use of data. This includes building on the agency's leadership in data, transparency, and gender equality, as well as the multi-stakeholder International Aid Transparency Initiative's (IATI) technical standard allowing data to be compared. Current partnerships to achieve this will be expanded in FY 2016 and include:

Country Data Hubs

The President's Emergency Plan for AIDS Relief (PEPFAR) and MCC launched a new partnership advancing the U.S. Government's efforts to increase data transparency, citizen access and use of data for decision-making, and mutual accountability.

This partnership will work with eligible countries to create "country data hubs" that compile, curate, and visualize a wide range of existing health, gender, and economic data. The hubs will have a governing board with representatives from the government, donor community, private sector and civil society, and comprise both a physical space with data analysts and a virtual space that engages a broad group of stakeholders. By investing in analysis and reporting through these hubs, the partnership will support country-owned efforts to engage in data-driven strategic planning and implementation around policies and programs related to health and economic development.

Civil society stakeholders will be critical partners in contributing and utilizing data to optimize program impact and ensure accountability. Country data hubs will also complement PEPFAR's and MCC's efforts to increase transparency, country monitoring, and accountability. Additionally, they offer the opportunity to promote and align resources with multilateral partners, bilateral donors, private foundations, and the private sector by gathering and analyzing data on funding streams, programs, focus regions and results. By July 2015, PEPFAR and MCC expect to announce country data hub partnerships in a few countries that would become operational over the next year, and engage the public and private sectors to ensure sustainability.

Data 2x

Launched in 2012, Data 2x is a program of the United Nations Foundation that highlights global gender data gaps and develops and supports partnerships to fill priority gaps. Through the initiative, MCC will systematically review the data he agency has collected and prioritize the publication of all sex-disaggregated data by the close of 2015, as well as increase future gender data collection and use through improved survey design and monitoring and evaluation protocols. MCC will work with partners to develop and implement recommendations for how gender data can be more fully incorporated into the IATI reporting standard, with a special focus on sex-disaggregated results data.

Maximizing Poverty Reduction through Regional Investments

MCC pursues its mission of reducing poverty through economic growth by making time-bound grant investments while leveraging the policy reform and private sector engagement needed to ensure the impact and sustainability of projects.

The elements shown to achieve this—selectivity (using data and evidence to carefully select the countries where MCC invests), country ownership (involving partner countries in proposal analysis, decision-making and implementation of projects) and a focus on results (using economic analysis as a basis for investment decisions, and carefully tracking inputs, outputs, outcomes, and impacts)—are inherently bilateral in nature.

There are important reasons, however, to systematically consider a regional approach to poverty reduction. Under the right circumstances, regional investments present opportunities to take advantage of higher rates of return on investment and/or larger scale reductions in poverty. The economic impact of such an approach has the potential to benefit from economies of scale, to support public goods that cross borders, to reduce negative externalities, and/or to compensate for asymmetries in costs and benefits.

In recent years, MCC staff have identified a number of cases where taking a regional approach may have allowed MCC to increase already substantial project benefits and impacts. Examples include working with Liberia and Sierra Leone on a regional power pool, connecting roads in Central America, and addressing regional issues that hamper trade in Benin. In addition, to the degree possible within MCC's existing authorities, some limited regional work is already underway: the coordinated public-private partnership approach in Central America serves as an example.

At present, however, MCC only has the authority to sign and implement one compact at a time with any given partner country. As a result, to make a coordinated regional investment work across several countries, MCC's board would have to select a block of countries at the same time for coordinated project development and compact signings. In this context, MCC is pursuing legislative changes needed to overcome the timing constraints of the selection of countries that have limited MCC's practical ability to invest regionally.

Operationalizing regional investments

> Under the right circumstances, regional investments present opportunities to take advantage of higher rates of return on investment and/or larger scale reductions in poverty.

MCC would maintain and build upon the many core elements of its operational model so they can be more fully leveraged to produce high returns on investments. In any regional investment, MCC's would continue its:

- **Transparent process for selecting the best-governed poor countries**. Selection of regional investments would be based upon the existing country selection system, with countries selected by the board as eligible for bilateral compacts also being eligible for regional investments.

  For those selected as compact-eligible, concurrent authority would open the potential for a second, regionally focused, investment. In the case a regional investment would require working with a non-eligible country, MCC could consider including this country in the regional agreement, but could not spend program funding in any non-eligible country.

- **Use of economic analysis to choose investments**. In cases where the constraints to growth analysis identifies a binding constraint that would be most effectively addressed through a regional approach, potential regional investments will be systematically explored.
- **Country-driven approach**. Countries would still be responsible for developing concepts to address the binding constraint and resulting problem identified through the initial analysis. In regional investments, however, there would be several partners working on the same problem simultaneously, requiring an elevated level of diplomacy and negotiation on MCC's part to ensure projects meet criteria while having necessary commitment from all partner countries.
- **Quantifying, tracking and transparently sharing program results**. Concept papers for regional investments would still need to include preliminary economic rates of return (ERRs) showing returns above MCC's hurdle rate, strong program logics that meet criteria for evaluation, five-year timeline feasibility, manageable environmental and social risks, policy/institutional issues, private sector engagement, and sustainability.

MCC will have investments independently evaluated, as well as complete close-out ERRs. Additionally, MCC will develop and implement post compact monitoring and evaluation plans. Consistent with current practice, MCC will publically share the information it learns.

- **Commitment to suspend or terminate investments.** MCC recognizes that one of the risks inherent in regional investments is that one or more of the countries involved in the partnership may not perform well or may suffer governance declines inconsistent with continued MCC engagement.

MCC expects that regional investments will involve good performance by all partners and achieve the expected economic returns. Otherwise, MCC would have pursued bilateral investments. Given this, unacceptably poor performance by one country could lead to the suspension or termination of the entire investment.

Private Sector Partnerships

MCC seeks to leverage the U.S. and international private sector to increase the flow of capital and bankable public-private partnerships that can be financed by the private sector as part of standard MCC compacts. This incorporates efforts to deepen U.S. businesses involvement in partner country programs through procurement promotion sessions.

Given the limits on public budgets in MCC partner countries, as well as on MCC's resources, pursuing leveraging opportunities is a key element of MCC's operational strategy. During the first ten years of its operations, MCC established a comprehensive private sector consultation mechanism to ensure that its investments and associated reforms help establish a policy and institutional environment conducive to private investment. This approach has allowed MCC to help partner countries improve the environment for private investments.

The next stage of collaboration with the private sector is now focused on preparing bankable public-private partnerships that provide business opportunities for the private sector, support MCC compact objectives, and enable MCC partner countries to realize the value of policy reforms more immediately and directly by attracting private investment in MCC-supported projects.

MCC partners with the private sector on an operational level in the context of specific MCC compacts as follows:

- *Ghana.* MCC is funding the public infrastructure that is necessary to make private sector-financed power generation projects viable. It is using its expertise, leverage, and relationship with the government to help Ghana implement the critically needed policy reforms to make the sector in general, and the privately financed projects in particular, financially and operationally sustainable and viable.
- *Jordan.* Jordan used the MCC compact to fund the "public" part of a public-private partnership wherein the private sector provided the equity and arranged the debt. The resulting PPP, expected to be operational in FY 2015, will allow the Government of Jordan to address 70 percent of the

country's wastewater treatment needs. Private sector involvement has led to cutting-edge, efficient, and environmentally sound engineering that will allow the plant itself to produce 75 percent of the energy it needs and operate through clean biogas and hydroelectric power.

- *Indonesia.* With the amount to be determined through a competitive, market-based process, MCC-funding will help make a renewable power project viable. Private sponsors will provide the equity and arrange the debt required to finance the proposed projects.
- *El Salvador*. MCC is using its expertise, leverage, and relationship with the Government of El Salvador to fund and implement necessary policy reforms that directly support the viability of pilot PPP projects.

Private Sector Outreach

MCC is actively undertaking programs to increase the involvement of U.S. companies in partner country programs. In the next two years, MCC plans to hold at least eight procurement promotion sessions with U.S. companies to promote compact contracting opportunities. These sessions will inform U.S. companies of MCC's compact activities and planned contracts to increase awareness of procurement opportunities.

MCC will also develop five country-focused trade and investment prospectuses, which describe investment opportunities in the sectors funded by the compact and will be disseminated to U.S. companies. MCC plans to work with the Department of Commerce and other U.S. Government agencies to lead its first-ever investment mission focused on energy in Africa to introduce U.S. businesses to the opportunities for investing in and around compacts. This mission will create a blueprint for MCC to pursue future investment missions to other regions and raise U.S. business awareness of MCC compacts and country partners.

Compacts in Development

(in $ millions)	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request
Total Appropriation	**898.2**	**899.5**	**1,250.0**
Compact Assistance	676.2	665.5	987.3
Sec 605			947.3
Sec 609(g) Compact Implementation Funding (CIF)*			40.0

*CIF amounts are estimated using MCC's recent historical average of approximately 4 percent of total compact assistance.

In order to support U.S. global development priorities and maximize the investments available in its candidate pool of poor but relatively well-governed countries, MCC will invest $987.3 million in new compact programs in FY 2016.

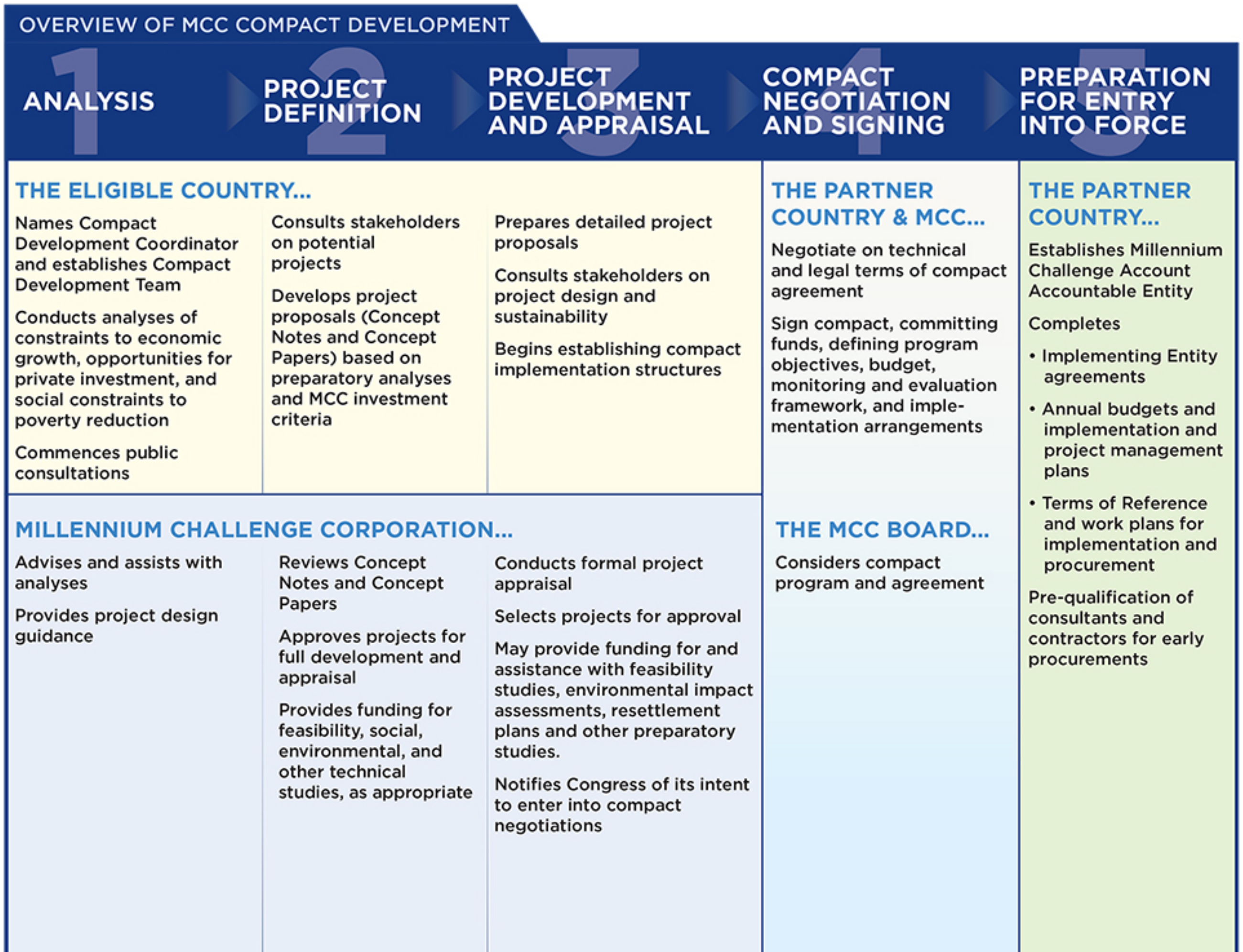
This level reflects an analysis of MCC's opportunities to increase long-term, sustainable economic growth, thus promoting stability and security, demonstrating continued commitment to evidence and rigorous evaluation, and supporting U.S. Government public diplomacy through effective global engagement.

To support these goals, MCC launched an internal examination of its compact development process in September 2014 to ensure that MCC is developing compacts in an efficient and rigorous manner with respect to cost, time, and quality. This examination yielded several recommendations, including refining the compact development process, providing greater predictability and accountability among staff and management, defining substantive expectations at key process milestones, and facilitating signing of high-quality compacts more rapidly following selection by MCC's board.

Key recommendations include:

- Early and phased mobilization of compact development, or 609(g), funding to support initial engagement with new partner countries, thereby ensuring prompt start-up and incentivizing completion of critical preliminary analyses;
- Streamlined initial economic constraints analysis to more quickly identify core areas of focus for compact development;
- Well-defined and earlier milestones for MCC's management to provide direction on critical project decisions such as scope and size;
- Development of new operational guidance for MCC country teams and country partners to build shared expectations throughout the compact development process;
- Defined technical assessments to establish technical quality standards (including earlier access to specialized sector expertise and due diligence funding) and provide an earlier opportunity to focus on, and resolve, critical path technical issues; and
- Enhanced transparency to enable closer coordination with relevant U.S. Government agencies and

departments, as well as non-governmental organizations and the private sector (both domestically and within MCC's partner countries).



In connection with MCC's shift to earlier deployment of 609(g) resources, as well as the recommendation to enhance transparency, MCC will also require its compact development teams to provide Congress designated briefings at key milestones, typically when initial project concepts have been received and later when the MCC team has assessed a country's full project proposal.

Compact Pipeline and Updates

The chart below and following pages provide compact size estimates and programmatic updates for all compacts currently in development. Program and sector data for countries already in implementation can be found in the appendix and online at www.mcc.gov/results.

Country	Prior Years	FY 2016	Future Years	Total
Benin	300			300
Lesotho		360		360
Liberia	33	267		300

Country	Prior Years	FY 2016	Future Years	Total
Mongolia	260		*To be determined*	
Morocco	480			480
Nepal			*To be determined*	
Niger		360		360
Philippines			*To be determined*	
Tanzania	527			527

Estimates (in $ millions)

Benin

Estimated $300 million, Board consideration in FY 2015

Benin's compact is expected to be considered by the board in FY 2015 after having been selected as eligible in December 2011. Benin conducted an integrated analysis of constraints to growth, drawing upon consultations with over 1,000 representatives of civil society, businesses and local government, which found that the business environment and access to energy were the principal constraints to growth. In September 2014, Benin's compact proposal was re-oriented to focus exclusively on the power sector given the significance of energy as a constraint to economic growth. Key pre-feasibility and feasibility studies looking at energy generation, distribution, and sector reforms are currently underway.

> Leveraging the Private Sector: MCC's $188 million port expansion project from the 2006 compact included the private concession of the south wharf. This concession has resulted in fees of $233 million and a minimum of $256 million follow-on capital investment during the concession period. Additionally, the concessionaire for the north wharf has increased their planned capital spending by $16 million during the compact period.

Results of Benin's 2006 Compact

Benin successfully implemented a $307 million compact from 2006 to 2011 with four projects:

- The Access to Markets Project expanded the Port of Cotonou, a key transit point for Benin, Burkina Faso and Nigeria. MCC's investment was conditioned on Benin competitively awarding management of the wharf to a private operator, expected to generate $1.5 billion in economic benefits for the country through this award-winning project [1] . Shipping volume has more than doubled since the 2004 baseline year of 4.1 million metric tons, increasing to 8.3 million metric tons in 2013 (and from 6.3 million in 2011). Circulation time for trucks at the port went from 68 hours to 7.33 hours.
- The Access to Land Project had mixed results. While certificates of rural landholding and title numbers fell significantly short of compact targets, the government continued titling after the

compact ended, made significant progress in rural areas, and passed the Land Code supported by the compact in January 2013.

- The Access to Financial Services Project finished in a largely satisfactory manner, including strengthening supervision of microfinance institutions and providing cost-sharing grants to support microfinance and entrepreneurship. The value of savings collected by microfinance institutions at the national level grew from a baseline of 38.27 billion CFA to 72.02 billion CFA by December 2013.
- The Access to Justice Project made improvements to Benin's legal and judicial environment through reformed court processes and a new code of administrative procedure, construction of five courts, training of judges and clerks, establishment of a public legal information center, and establishment of additional one-stop-shops for business registration. As of September 2013, the average time to register a business fell from 37 days before the project began to 7.8 days at the compact's end and finally to under two days. In one quarter, 6,119 enterprises registered through the business registration centers, up from 1,822 during the baseline quarter.

Lesotho

Estimated $360 million, Board consideration in FY 2016

MCC's board selected Lesotho as eligible to develop a compact in December 2013. Since that time the Government of Lesotho (GOL) has been an active and committed partner completing foundational studies to identify the most binding constraints to growth. MCC and the Basotho are working to validate the findings through consultations with government, civil society, and private sector.

> Leveraging the Private Sector: MCC supported Lesotho's health sector reform efforts, which included working with other development partners to enhance the sustainability and impact of the compact investments, including helping the government structure several health sector public-private partnerships.

In parallel, Lesotho's government is analyzing the root causes to key economic problems in order to develop and submit project concepts to MCC in spring 2015. Once project concepts have been agreed to between MCC and the GOL, the proposed projects will go through the due diligence process during the remainder of FY 2015.

Results of Lesotho's 2007 Compact

MCC's $362.6 million compact with Lesotho, which ended September 17, 2013, improved the water supply for industrial and domestic needs, increased access to essential health services, and stimulated investment by improving access to credit for both men and women.

- The Water Project upgraded and expanded water systems to increase water supply to domestic and industrial consumers in selected urban and rural areas, including the completion of 250 rural water systems. Currently, the MCC-funded Metolong Dam System is complete, and while testing of the compact-funded Water Treatment Works started in 2014, commissioning is expected in early 2015 due to delays in construction outside the compact's control.

- The Health Project was designed to mitigate the negative economic impacts of poor maternal health, HIV/AIDS, tuberculosis, and other diseases by strengthening health care infrastructure and human resources. All 14 planned outpatient departments at district hospitals are complete. The national reference laboratory and blood processing center and the health college dorms are complete. All 138 health centers are complete. Contractors continue to address minor defects at the health centers, but the health centers are providing services to citizens, and the GOL is implementing a plan to ensure the proper maintenance of these facilities.
- The Private Sector Development Project aimed to increase access to credit, reduce transaction costs and enhance participation of women in the formal economy. The project supported the GOL's major policy reforms in gender equality, land, and credit reporting, as well as the establishment of a commercial court and small claims process. Passage of the Legal Capacity of Married Persons Act removed the minority status of married women, giving them the legal right to enter into contracts, register property, and act as a director of a company. The land project registered nearly 50,000 parcels out of a targeted 55,000, and the newly established Land Administration Authority is providing improved land administration services.

Lesotho funded the remaining compact activities that were not completed by the compact end date through a $150 million contribution.

Liberia

Estimated $300 million, Board consideration in FY 2016

Liberia passed the MCC scorecard in FY 2013, after years of improving its economic governance and strengthening its democratic institutions. Liberia's efforts to combat corruption are widely recognized and the country has made significant macroeconomic management improvements in recent years.

Given the recent outbreak of Ebola Virus Disease (EVD), MCC travel to Liberia has been suspended and the Liberians have since had limited capacity to engage in compact development activities.

MCC has developed a plan in coordination with Liberia's compact development team to focus an initial tranche of compact development funding assistance on studies of the electricity sector that will not require travel by MCC team members to Liberia. This first tranche of funding also will be used to pay critical administrative costs like core team salaries, reinforcing the government's capacity to continue concept note preparation and other compact development activities without detracting from EVD response and recovery efforts.

In September 2013, Liberia's compact development team completed its initial analyses on constraints to economic growth, private sector investment opportunities, and social and gender inequality. These analyses suggested access to electricity and road transportation infrastructure as binding constraints to economic growth. These are the sectors that the Government of Liberia (GOL) and MCC have agreed to prioritize for compact proposals, consistent with the priorities in Liberia's recent Poverty Reduction Strategy, the Agenda for Transformation.

Liberia's power and road infrastructure were significantly damaged during the country's 14-year civil war.

Liberia has one of the lowest rates of access to electricity in the world with just 1.7 percent of the population having access, while those with access pay more per kilowatt hour than users in any other country due to reliance on expensive diesel generation.

With support from donor partners, Liberia is investing in new power generation capacity and is working to reform the legal and regulatory environment. Nonetheless, significant gaps remain to meet pre-war generation levels and assure transmission and distribution to the two-thirds of the population who live outside of the capital. MCC's engagement is aligned with other U.S. Government agencies, and compact development will focus on supporting a strong policy, institutional, and regulatory environment in the electricity sector to lay the necessary foundation for private sector investments.

Additionally, Liberia has the least dense road network of any country in West Africa and very high road transport costs relative to neighboring countries. Lack of access to markets hinders economic activity, connection to social services, and development of the agriculture sector. Many areas of the country are inaccessible during the annual rainy season. Recent completion of a comprehensive roads master plan has attracted donor investment and will allow MCC to consider investing in priority segments.

Mongolia

Selected in December 2014, compact size not yet estimated

MCC's board selected Mongolia as compact eligible in FY 2015 after the country had met the MCC scorecard criteria for two consecutive years despite graduating to Lower Middle Income Country status in FY 2013. The robust recent economic growth is forecasted to soften as the country confronts a weakened macroeconomic position and investment climate. Poverty remains endemic and the government must tackle the challenge of delivering more diversified and inclusive growth that reduces poverty for its citizens.

Results of the Completed 2007 Compact

> **Leveraging the Private Sector:** The education project provided grants to vocational institutions that partner with local businesses to leverage private resources and know-how to improve skills development, and the health program benefited from a free vaccine distribution and education program funded by Merck.

Mongolia successfully implemented a $284.9 million compact that focused on investments in land tenure, health, vocational education, transportation, and energy and environment.

- The $88.4 million North-South Road Project constructed a 176-kilometer all-weather road that serves as a critical economic corridor to connect Mongolian markets to key trading partners and provide Mongolians with access to social services. Over the next 20 years, this project is expected to benefit 168,900 people.
- The $27.8 million Property Rights Project focused on increasing security and capitalization of land assets held by lower-income Mongolians. It increased peri-urban herders' incomes by facilitating

the leasing of pastureland near cities and investing in infrastructure and training to improve livestock productivity. The project formalized 18,000 plots and mapped more than 67,000 urban parcels. This project is expected to increase household income by $13.9 million and benefit 112,760 people over 20 years.

- The $38.97 million Health Project addressed Mongolia's rapidly increasing rates of non-communicable diseases and injuries by strengthening the national program for prevention, early diagnosis, and disease management. The project vaccinated over 9,000 girls against the Human Papillomavirus Virus and established the first 24-hour, state-of-the-art rehabilitation units for stroke and heart attack patients. The project is expected to benefit more than 1.7 million people over 20 years.
- The $47.3 million Vocational Education Project helped reform, improve, and modernize Mongolia's vocational education system by supporting reforms to technical vocational education and aligning training to market demands. Additionally, the project trained or certified 1,300 instructors and rehabilitated 18 training facilities. Over 1.7 million people are expected to benefit from this project over the next 20 years.
- The $45.3 million Energy and Environment Project was designed to reduce high levels of air pollution in Ulaanbaatar through financial incentives for residents to adopt energy-efficient and lower-emission technologies. The project provided upgrades to the electrical network and support for the country's first on-grid commercial wind farm. It also supported the installation of more than 97,000 energy-efficient stoves. The project is expected to benefit 343,570 people over the next 20 years.

Morocco

Estimated $480 million, Board consideration in FY 2015

Morocco was selected as compact eligible in FY 2013 and has completed an economic growth constraints analysis that identified binding constraints as education quality, land policy, and implementation and governance issues, notably labor market regulations, taxes, and the judiciary system. The Moroccans completed complementary and extensive initial social/gender and private sector analyses and reports. Combined preliminary consultations were held with targeted representatives from the private sector and civil society.

MCC is now pursuing full due diligence and project design for projects addressing education quality and rural and industrial land. For education, the private sector's demand for foundational knowledge and skills (from literacy and numeracy to creative thinking and problem solving), coupled with a need for increasingly sophisticated technical and professional skills, is currently unmet. The proposal under development focuses on developing innovative public-private partnerships to improve professional training relevance and efficiency at both the technical/vocational and secondary levels.

Rural and industrial land problems have a significant economic impact due to the central roles of industrial activity and agriculture in Morocco's economy. The proposal seeks to address this constraint by (1) supporting the creation of a land sector reform agenda, with a strategy and accompanying action plans for implementation; (2) developing and piloting a streamlined and cost-effective collective lands privatization procedure; and (3) supporting development of a new legal, regulatory, and management model for industrial land provision to meet dynamic private sector demand.

Results of the 2008 Compact

From 2008 to 2013, Morocco successfully implemented a $698 million compact that invested in the following projects.

- The $338 million Fruit Tree Productivity Project assisted 110,500 farm households in shifting to more productive, profitable tree crops of olives, almonds, dates, sustainably managed soil and water resources, improved product quality, increased access to water, and strengthened links to national and international markets. Over 55,000 hectares of trees have been planted for 40,000 beneficiaries, beginning production in new areas and preventing soil erosion. Over 660 kilometers of a new irrigation network have been constructed or rehabilitated, and 60 irrigation diversion works have been constructed, improving water and soil conservation for over 27,000 hectares.
- The $123 million Small Scale Fisheries Project is beginning to improve the quality of this value chain for 15,000 small-scale fishers and for consumers. The quality of the fish moving through domestic channels is improving, and the project is ensuring the sustainable use of fishing resources at several coastal sites.
- The $96 million Artisan and Fez Medina Project sought to stimulate economic growth by improving linkages between handicrafts, tourism, and the rich cultural, historic, and architectural traditions of the Fez Medina. While some activities under this project have faced significant implementation challenges, the Functional Literacy and Vocational Training Activity has been highly successful, training nearly 70,000 farmers, artisans, and fishers in functional literacy.
- The $44 million Financial Services Project has increased access to financing by providing subordinated debt through the Jaïda Fund, a non-banking financial institution launched in 2006 to provide loans for the micro-credit sector.
- The $15 million Enterprise Support Project provided training and technical assistance to 588 small businesses and other income-generating activities newly created through existing government programs.

Nepal

Selected in December 2014, compact size not yet estimated

MCC has been working with Nepal to develop a threshold program since FY 2012, even though Nepal has passed the MCC policy scorecard criteria for four consecutive years. During this period, Nepal has made slow but steady progress in further institutionalizing democratic governance, and the MCC Board selected it as eligible for compact assistance in FY 2015.

During the threshold program development process (which is now supplanted by compact development), MCC and the Government of Nepal (GON) jointly completed a constraints analysis that identified the inadequate supply of electricity and the high cost of transport as binding constraints to economic growth. Sector analyses and threshold program design in the power and transport sectors benefited from extensive consultations throughout the GON and with the private sector, development partners, and civil society. A compact investment will build on the economic analysis and development work completed during eligibility for the threshold program.

These analyses demonstrated that the low availability of electricity has resulted in daily power loadshedding, which creates significant costs for businesses because they are forced to invest in expensive alternative sources of power to meet their needs. The high cost of transportation in Nepal is driven by the country's rugged terrain and landlocked geography, along with the poor quality and quantity of roads, a lack of competitiveness in the trucking sector, and by costly customs procedures, resulting in the expensive and unreliable transport of goods within Nepal and to international markets.

Given the work already completed during the threshold program process, MCC expects Nepal to develop concept papers in FY 2015 that respond to the binding constraints described above.

Niger

Estimated $360 million, Board consideration in FY 2016

Niger is one of the poorest countries in the world, though it has relatively strong policy performance as indicated by two consecutive years of passing the MCC scorecard. In 2011, Niger was the first country to demonstrate that, with sufficient political will, countries can restore their MCC eligibility following suspension. Since that time, Niger has pursued reforms to enhance democratic and economic governance and contributed to efforts to promote stability in the region. Niger was a strong MCC partner in its threshold program, operating a dedicated program and policy analysis unit through both elected governments and even during its period of suspension.

Officials from the Government of Niger (GON), including President Mahamadou Issoufou, cabinet ministers, and the president's chief of staff, are engaged in the compact development process and are strongly committed to maintaining and improving performance on MCC's indicators. In addition to the investment opportunities analysis, and the social and gender constraints to poverty reduction analyses, Niger has completed an analysis of constraints to economic growth and found that binding constraints included: access to water resources for agriculture and livestock production, government regulation of business and regulatory trade barriers. Preliminary stakeholder consultations designed to define specific projects, locations, and beneficiaries are underway and will be supplemented with more in-depth studies as due diligence starts.

The GON and other stakeholders have indicated their desire to see MCC engage in the "Nigeriens Nourishing Nigeriens" (3N) Initiative, which aims to sustainably mitigate the negative impacts of climatic variability on Nigerien food security.

The instability in the surrounding region as well as Nigerien active support of regional counter-terrorism efforts put the country at risk for security threats that could hamper MCC's ability to develop and implement a compact. To ensure that MCC's investments are as effective as possible, the illustrative activities described above could be rolled out in a modular fashion and be scaled up or down to attain optimal value notwithstanding adverse security developments. Moreover, targeted activities in filling key data gaps and developing local data capabilities would enhance optimal targeting and execution of these investments. These types of investments, which provide opportunities for Niger's poor, could help stabilize the country and contribute to enhanced regional security.

The Philippines

Selected December 2014, compact size not yet estimated

MCC's Board selected the Philippines as eligible to develop a compact in December 2014. Despite recently graduating from the low income country category to lower-middle income, the Philippines has, through continued policy reforms, successfully met the tougher criteria. This has especially been the case for controlling corruption, where the private sector has noted significant improvements over the years. The Philippines was identified as a top 10 reformer in Doing Business in 2014, after improving processes for obtaining construction permits, accessing credit, resolving insolvency, and paying taxes. The IMF also noted recent improvements in fiscal transparency and public financial management.

Before a second compact proposal will be considered by the Board of Directors, the Philippines must maintain, or improve, its performance on the MCC scorecard and must successfully complete its current compact, currently on track to closeout in May 2016.

Results of the Ongoing 2010 Compact

- The $120 million Kalahi-CIDSS Community Development Project is helping improve responsiveness of local governments to enhance economic self-reliance in rural areas by targeting poor communities for small-scale, community-driven development projects. It is empowering and strengthening the capacity of communities by helping them prioritize, design, and implement their own development projects. More than 1,500 sub-projects (day care centers, small bridges, and rice-field foot paths) have been completed. These sub-projects effectively weathered the devastating Typhoon Haiyan of 2013, and many were used as shelters from the storm. The project is on track to surpass the target for completed sub-projects, and is expected to benefit more than 5 million Filipinos over the next 20 years.
- The $214 million Secondary National Roads Development Project is using climate resilient design and techniques to rehabilitate an existing 222 kilometer road segment on the island of Samar. This road will reduce transportation costs and improve access to markets and social services. Over 280,000 Filipinos are due to benefit from the new road, and it is expected to generate over $205 million in increased household income over 20 years. Despite the devastation across Samar, the MCC-funded roads weathered Typhoon Haiyan and are on track for completion by the compact's end.
- The $54 million Revenue Administration Reform Project is modernizing revenue administration and mitigating corruption risks in the Bureau of Internal Revenue and Finance Department. In coordination with the IMF, the project is helping address the need to raise tax revenues and reduce tax evasion and revenue agent-related corruption by increasing the efficiency and sustainability of revenue collection. An increase in revenue collection in 2014 indicates the project and the government's efforts are bearing fruit. Some 125 million Filipinos are due to benefit from this project by an increase of over $160 million in household income over 20 years.

Tanzania

Estimated $527 million, Board consideration in FY 2015

After showing strong commitment to policy reform and implementation in its first compact, Tanzania was selected by MCC's board to develop a compact in December 2012. Tanzania passes 16 of the 20 indicators with a strong showing in the ruling justly category measuring democratic governance, including political rights and civil liberties. Nonetheless, the board noted in December 2014 that Tanzania has experienced a significant decline on the indicator measuring efforts to control corruption and stated its expectation that they take concrete steps to combat corruption before a compact is approved.

Tanzania completed an economic analysis in FY 2012 highlighting constraints stemming from the lack of reliable electricity and the limited network of market access roads, among other concerns. Tanzania has begun to address these constraints in the power sector by formulating a roadmap of reform and has asked for MCC support in the implementation of those reforms as well as the expansion of access to power in underserved areas. The Tanzanians have proposed four projects: power sector reform; turnaround of the mainland's electric utility; preparation of Zanzibar electric utility for private-sector participation; and expanding access to electricity. The design and assessment of these concepts are ongoing.

Results of Tanzania's 2008 Compact

From 2008 to 2013, Tanzania successfully implemented a $698 million compact that invested in the following projects:

- The Transportation Project upgraded more than 465 kilometers of primary roads throughout the mainland and rural roads in Zanzibar to connect communities with schools and health clinics and reduce transportation costs. By the close of the compact, 150 kilometers had been fully completed and the remaining construction largely finished, with the Tanzanians finalizing outstanding works post-compact. Additionally, the Mafia Island Airport was upgraded in order to increase its tourism potential.
- The Energy Project improved electricity coverage, primarily through new power transmission and distribution. Specifically, MCC funded a new 100 megawatt submarine power cable from the mainland to Zanzibar, approximately 2,900 kilometers of new or rehabilitated transmission and distribution lines (2,595 kilometers of which were completed by Tanzania after compact closeout), 25 substations, and other infrastructure in seven underserved regions.
- To address serious shortfalls in access to clean water impacting health and productivity, the Water Project helped rehabilitate water intake and treatment plants and improved the existing distribution network in both Dar es Salaam and Morogoro. This resulted in an increase in treated water from 180 million liters per day to 270 million liters per day in the capital and from 18 million liters per day to 33 million liters per day in Morogoro, potentially benefiting 2.8 million people.

Throughout implementation, Tanzania fulfilled its policy reform commitments and demonstrated country ownership through its use of $132 million of its own funds to cover any cost escalation and to complete construction work that was not finished when the compact was completed in September 2013. All first compact activities are now complete.

Threshold Programs

(in $ millions)	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request
Total Appropriation	**898.2**	**899.5**	**1,250.0**
Threshold Program	20.0	30.0	30.0

> Threshold Programs entail a structured and disciplined diagnostic and design process. MCC begins with a rigorous analysis of the constraints to economic growth and the policies and institutions that reinforce those constraints to growth. MCC threshold program assistance supports government efforts at reform in these areas, which have the potential for the greatest impact on growth.

For FY 2016, MCC plans to use up to $30.0 million to support the planned Cote d'Ivoire threshold program. The recently approved program with Guatemala and the program in development with Sierra Leone will rely on prior year balances.

Background

Threshold programs assist countries to become compact eligible by supporting their efforts to implement key policy and institutional reforms and thereby demonstrate their commitment to MCC's eligibility criteria. If successfully implemented, these reforms will reduce constraints to faster economic growth and provide MCC critical information about a candidate country's political will and capacity to undertake the types of reforms that would have the greatest impact in compacts.

MCC develops each threshold program in partnership with the candidate country through a structured and disciplined diagnostic and design process. The process begins with a rigorous analysis of the binding constraints to economic growth. MCC and the candidate country then assess the policies and institutions that reinforce those constraints and design a program that will support reforms aimed at alleviating the constraints.

Countries with threshold programs are not guaranteed compact eligibility. For those that are selected, successful implementation of their threshold program will yield significant advantages for a potential future compact.

For example, the partner country will likely have enhanced its ability to design and implement investments that will generate the greatest results, and MCC will also have a head start on the work and relationship necessary to design a high-impact compact. In some cases, MCC may also be able to make early progress on longer duration reforms that ultimately enhance the sustainability of the results of a compact.

Leveraging the Private Sector: For the Honduras threshold program, now being implemented, MCC is supporting the development and management of public-private partnerships to reform and deliver better value for money in the country's electricity sector. As part of the process of developing the threshold program, MCC mobilized funding from other donors to screen the Honduran PPP pipeline and identify the projects with the strongest potential for success.

Threshold Programs in Development

Guatemala

MCC's board selected Guatemala as eligible for threshold program assistance in FY 2013 and recently approved a threshold program in December 2014. The program will support the Government of Guatemala in implementing policy and institutional reforms aimed at providing quality educational opportunities for Guatemala's youth that have relevance to the labor market, and mobilizing additional government resources that are needed to address binding constraints to economic growth.

Sierra Leone

MCC selected Sierra Leone as eligible to develop a compact in FY 2013. However, Sierra Leone did not pass the control of corruption indicator in FY 2014 and FY 2015, a hard hurdle for passing the MCC scorecard. In FY 2015, the board determined that Sierra Leone would no longer be eligible for compact assistance, but did select Sierra Leone as eligible to develop a threshold program. This decision allows MCC to remain engaged with Sierra Leone and assist the country to regain eligibility for a compact as it deals with the devastating consequences of the Ebola Virus Disease outbreak.

Following the analysis to identify binding constraints to economic growth, MCC and the Government of Sierra Leone focused compact development on inadequate access to electricity and inadequate access to improved water, sanitation, and hygiene (WASH) services as well as the ineffective policies and institutions that underlie and exacerbate these constraints.

In consultation with Sierra Leoneans, MCC will determine which aspects of the work done during compact development are appropriate for a threshold program and might be undertaken as the economy recovers from the Ebola outbreak. MCC will consider projects already under development as well as additional activities that could assist Sierra Leone improve its performance in the areas measured by MCC's scorecard.

Cote d'Ivoire

MCC's board selected Cote d'Ivoire as eligible for threshold program assistance in FY 2015. MCC is working with the Government of Cote d'Ivoire to undertake the analysis to identify binding constraints to economic growth in the country. After further analysis of identified constraints, MCC will work with the government to design a program that supports policy and institutional reform in those areas.

Compact Development Assistance and Oversight: 609(g) and Due Diligence

(in $ millions)	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request
Total Appropriation	**898.2**	**899.5**	**1,250.0**
Compact Development/Oversight	92.0	94.0	119.3
609(g) Assistance	20.0	19.0	32.7
Due Diligence	72.0	75.0	86.6

For FY 2016, MCC plans to use $32.7 million for assistance under section 609(g) of MCC's authorizing statute and $86.6 million for due diligence to support programmatic oversight, quality control and other support for compacts in development and implementation, as well as post-completion work, such as data collection and evaluation.

A detailed focus on pre-compact planning, oversight, and post-compact evaluation is critical to the success of MCC program investments and to ensuring that MCC, MCC partner countries, and the development community are able to take advantage of the learning opportunities inherent in MCC programs.

The $119.3 million in funding will help the compacts in development with Lesotho, Liberia, and Niger reach board approval by the end of FY 2016 and will support MCC's oversight for the compacts in implementation during FY 2016, the close-out of the compact with the Philippines, and compact development with any new partners selected in December 2015.

The funding also will support MCC's development and oversight of threshold programs with Cote d'Ivoire and Sierra Leone as well as MCC's work with threshold program partners selected in December 2015.

609(g) Assistance

Although assistance provided under section 609(g) of MCC's authorizing statute represents less than 3 percent of MCC's overall base request, this assistance is critical for compacts to succeed. MCC uses 609(g) assistance for key project preparation work such as feasibility and environmental impact studies, engineering designs, baseline surveys, financial management and procurement technical assistance, and other specialized analysis to help MCC determine investment suitability, scope, costs, implementation risks, and necessary risk mitigation measures. Such analysis also ensures that partner countries develop projects that will provide returns on MCC's investment and can be implemented within the fixed five-year timeframe.

Due Diligence

> Due diligence funds enable MCC to operate on a lean administrative budget relative to the size and diversity of its investment portfolio. Rather than permanently hiring technical experts whose services might be underutilized in the long term, MCC uses due diligence funds to procure technical expertise when strictly necessary to support compacts in development and implementation.

Due diligence funds allow MCC to obtain sufficient information to evaluate, assess, and appraise projects during compact development, effectively oversee and monitor compact implementation, conduct quality assurance, and then evaluate the results of a compact project once complete.

Due diligence funds also enable MCC to continue to operate on a lean administrative budget relative to the size and diversity of its investment portfolio. Rather than permanently hiring technical experts whose services might be underutilized depending on the mix of projects MCC oversees at a given time, MCC uses due diligence funds to procure technical expertise when strictly necessary to support compacts in development and implementation.

Due diligence funds supported MCC's first set of independent impact evaluations, released in FY 2013, which were designed to use rigorous statistical methods to measure changes in beneficiary income related to farmer training activities. In addition to offering valuable lessons on how MCC can improve, the impact evaluations provide encouraging news about program successes:

- The average completion rates for output and outcome targets were: 103 percent for Ghana, 103 percent for Armenia, 112 percent for Nicaragua, 131 percent for El Salvador, and 158 percent for Honduras.
- In El Salvador, the evaluators found that dairy farmers doubled their farm incomes.
- In Ghana, northern region farmers' annual crop income increased significantly relative to the control group above any impacts recorded in the other zones.
- In Nicaragua, project participants' farm incomes went up 15 to 30 percent after two-to-three years of project support.

Due diligence funds also support the data and some of the technical expertise for calculating economic rates of return for compact investments. Economic modeling done after compact closeout helps to demonstrate that MCC is making cost effective investments. Through pre-investment economic modeling of expected economic rates of return, MCC chooses which investments are most likely to generate benefits (increased income for program beneficiaries). MCC also estimates expected return rates at project closeout.

The closeout expected rate of return averages 15 percent for the closeout investment portfolio at the end of 2014, exceeding MCC's benchmark of 10 percent. In other words, net benefits in present value terms—benefits minus costs discounted at 10 percent—of MCC investments are positive. This average is based on the 57 closeout expected rates-of-return that MCC has completed to date. About two thirds of these projects (47) have exceeded MCC's benchmark rate of return.

Administrative Expenses

(in $ millions)	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request
Total Appropriation	**898.2**	**899.5**	**1,250.0**
Total Admin Budget	105.0	105.0	108.4
Human Capital	54.2	55.3	56.3
Training	1.2	1.2	1.2
Overseas Operations	14.1	16.7	16.5
Contracted Services	8.6	9.8	9.6
Information Technology	12.8	12.7	14.8
Rent, Leasehold and Improvements**	6.6	1.1	2.2
Travel	6.3	6.9	6.9
Other Admin***	1.2	1.3	0.9

** Please note that the rent costs above differ from new lease justification materials previously submitted to Congress due to the timing of the payments for each year. Clarification is provided in the "Rent" section herein.

*** Other Admin includes funding for translation services, printing, MCC board expenses, representation funds, and other minor administrative expenses.

MCC requests $108.4 million for administrative expenses, a 3.2 percent increase and the first administrative expense increase in four years. This increase will enable MCC to address inflationary pressures that have been building since FY 2012 (heightened by the impact of the FY 2013 sequester), deploy necessary in-country staff for new compacts, and ensure the efficient and effective management of agency operations.

Human Capital

MCC plans to use $56.3 million in FY 2016 for human capital, a 2.9 percent increase from FY 2015. Approximately $0.9 million is due to a net increase in overseas staffing of six full-time equivalents (FTE) as more compacts are signed than completed to maintain a lean in-country footprint of a resident country director and a deputy resident country director.

FTE	FY 2014 Current Headcount*	FY 2015 FTE Estimate**	FY 2016 FTE Estimate**
Washington, D.C. Headquarters	300	300	300
Overseas	21	23	29
Total	321	323	329

* Current headcount provided to indicate the staff being brought on board and funded in FY 2015, including vacancies.

** During FY 2015 and FY 2016, MCC estimates that 6 percent of positions will be vacant at any given time due to attrition with an average staffing level of 282 FTE.

MCC is a performance-based organization, and MCC employees do not receive automatic pay raises when the General Schedule for pay overseen by the Office of Personnel Management is increased, or step increases based on years of service. Employees must work at MCC at least 90 days before the end of the fiscal year to be eligible to receive performance merit increases based solely on the prior year's performance.

Additionally, MCC provides a standard package of benefits that is commensurate with other U.S. Government entities. Based on prior years' actuals, total benefits for FY 2016 are expected to cost an average of 27 percent of salary.

Overseas Operations

Overseas Operations ($M)	FY 2014 Estimate	FY 2015 Estimate	FY 2016 Request
Overseas Operations	12.6	14.1	16.5
Country Allotments	6.6	8.7	10.5
ICASS	3.8	3.4	3.5
Other Overseas Costs	2.2	2.0	2.5

While MCC continues to maintain a very small in-country footprint of only two U.S. direct hire staff and three locally engaged staff, the cost of maintaining this staff continues to face upward pressure.

MCC plans to use $16.5 million for overseas operations in FY 2016. While MCC maintains a small in-country footprint of only two U.S. direct hire staff and three locally engaged staff (LES) for compacts, the cost of maintaining this staff continues to face upward pressure.

International Cooperative Administrative Support Services (ICASS) and Capital Security Cost-Sharing (CSCS) costs to support overseas staff are expected to face upward pressure, in part due to the Department of State's need to maintain and operate newer embassy compounds. Also, starting in FY 2015, the Department of State will implement its new Furniture and Appliance Pool Policy. Participation in overseas posts' furniture pools will result in significantly higher furniture buy-in costs and subsequently higher ICASS charges for MCC. However, MCC has successfully argued to-date for an exemption of the annual assessment fee because of its short-term (less than seven years) presence in-country.

ICASS, CSCS and other fixed overseas expenses result in an average annual cost of approximately $500,000 to maintain an MCC employee overseas at a U.S. Embassy. Such costs include office space, housing, support services, locally engaged staff, educational allowances and other family costs, home leave, in-country travel, consultation travel, medical evacuations, information technology support, relocation, storage of household effects, and security.

Toward the end of FY 2015 and the beginning of FY 2016, MCC will initiate compact presences in three countries (Liberia, Morocco and Tanzania), entailing costs for relocation travel, shipping, office furniture and equipment, residential furniture, official vehicles, and transfer allowances. Later in FY 2016, MCC will begin to stand up compact presences for four additional countries (Benin, Niger, Lesotho, and Sierra Leone). While seven new presences will be supported, only two compacts (Moldova and Senegal) will be closing their overseas presences during FY 2016 after the compacts are completed in September 2015. Those closings will also entail certain one-time costs, such as relocation charges for travel and shipping, during and immediately after the closeout period.

Other Administrative Investments and Cost Controls

Although human capital and overseas operations comprise 67.2 percent of the administrative budget, MCC is making sound investments and controlling costs in other administrative areas, including information technology (IT) and rent.

Information Technology

MCC plans to use $14.8 million to maintain and invest in IT for FY 2016. The request will support a variety of activities including, but not limited to, the following:

- Continuation of steady-state operations and maintenance support, including contract support for all MCC network services, telecommunications, video teleconferencing, end-user support, voice services support, and security operations as well as infrastructure support for mission critical MCC applications, such as the MCC Management Information Systems (MIS), which provides transactional and decision support for innovative outcome-focused grant designs and development of evidence that can be used to improve existing programs.
- Continuation of software licensing for the MCC Microsoft enterprise agreement and other software required to operate MCC business.

- Software support services to provide funding for continued applications development and maintenance, to include MCC MIS, MCC Intranet Web, collaboration and reporting leveraging of SharePoint, SQL server systems development as well as a few stand-alone MS Access databases. MCC requires the extensive data available from compact evaluations, compact finances, and MCC financial, contracting, and grant data to analyze and answer important questions about MCC policy and program activities housed in these systems and to harness data to improve overall agency results.
- Services to support a combined open data, transparency, and knowledge management initiative that makes MCC data accessible and machine readable for both internal and external consumption and strengthens the agency's capacity to use and learn from evidence.
- Funding the continuation of MCC program management and project management that will ensure high-quality, low-cost evaluations and rapid iterative delivery or experimentation. This funding includes support for enterprise architecture and capital planning and investment control, another agency-specific need that will significantly improve MCC's capacity to use or build evidence to achieve better results or increase cost-effectiveness in high-priority programs. This funding includes support for continued publication of MCC data in the International Aid Transparency Index (IATI) in collaboration with other U.S. Government agencies.
- By the end of FY 2015, MCC expects to consolidate into a single headquarters building with a reduced footprint. New IT approaches to critical services will integrate with the new space plans and will permit MCC to improve services to the business while supporting remote work locations, increased telework and potentially hoteling options. Funding for mobile devices and data supports MCC's mobility initiative in alignment with the agency's planned move.
- Overall IT enhancements will support federal IT goals of fewer devices, more use of cloud approaches and sustainability goals for a reduced carbon footprint.

Rent

(in $ millions)	FY 2014 Estimate	FY 2015 Estimate	FY 2016 Request
Rent, Leasehold and Improvements	6.2	5.2	2.2

As a result of a thorough space needs analysis and a competitive bidding process, MCC will lower its headquarters rent cost by $30 million over the course of its new ten-year lease, which was signed in February 2014, and is anticipated to begin in May 2015. Delays in relocating existing GSA tenants may impact MCC's anticipated move-in date.

MCC estimates beginning rent payments for the Franklin Court property in the amount of $2.2 million in FY 2016. The full-year rent payments are estimated to reach approximately $5.0 million in FY 2017.

Office of the Inspector General

(in $ millions)		FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request
Total Appropriation	**898.2**	**898.2**	**899.5**	**1,250.0**
Total Inspector General Budget	5.0	4.7	5.0	5.0

The Office of the Inspector General is requesting $5.0 million for audit expenses in FY 2016.

The USAID Office of Inspector General will continue to conduct financial and performance audits and reviews of MCC and Millennium Challenge Account entity activities, as well as oversee and review MCC's annual external audit.

Economies do not work in isolation and so regional integration is important for growth. MCC's own learning demonstrates that in a number of cases, a binding constraint to growth is a country's inability to attract the infrastructure investments needed to connect it to other markets and become a viable participant in the global economy. Regionally focused engagement with eligible countries would facilitate regional trade and help countries benefit from economies of scale or synergies in sectors such as energy and road infrastructure.

Over the past 10 years, MCC has initiated new investments with countries as they met MCC's eligibility criteria. These investments are implemented on a five-year timeframe. Because MCC is statutorily prohibited from entering into more than one compact at a time with a country, the agency is unable to capitalize on opportunities to invest regionally with countries that may become eligible at different times and maximize its impact on growth and poverty reduction.

Using Concurrent MCC Compacts to Advance Regional Economic Integration

MCC is seeking to change the Millennium Challenge Act of 2003, as amended, to allow for concurrent compact authority to maximize the economic impact of its work. Concurrent authority would allow MCC to supplement its proven country-focused model with the ability to develop regionally-oriented compacts. This authority would allow MCC to simultaneously research and work with multiple countries in a region to identify, negotiate, and eventually fund investments that would have positive economic effects both for the region and countries individually.

Concurrent compact authority would allow key steps—such as economic analysis, project identification, due diligence, negotiation, agreement, and implementation—with each individual country involved to occur on a *simultaneous* timeline, which is critical to effecting successful regional investments.

For example, MCC could consider regional investments in power infrastructure to help develop the West Africa Power Pool (WAPP). The lack of coordinated planning and agreement on regulatory mechanisms across WAPP member countries has hampered progress on this effort, but a regional approach would leverage necessary policy reforms and provide the integration needed to help reduce costs and improve reliability for countries in a region such as Benin, Sierra Leone, Liberia, and Ghana.

The FY 2016 budget submission does not assume passage of this provision. If MCC cannot pursue regional compacts as projected in the Five Year Budget Plan, an additional bilateral compact per year, consistent with the historical average, is programmed.

Text of change is as follows:

SEC. X. MILLENNIUM CHALLENGE COMPACT

a. CONCURRENT COMPACTS.—Section 609 of the Millennium Challenge Act of 2003 (22 U.S.C.

7708) is amended—

1. by striking the first sentence of subsection (k); and
2. by inserting after subsection (k) the following new subsection:
   "(l) CONCURRENT COMPACTS.—In accordance with the requirements of this title, an eligible country and the United States may enter into and have in effect more than one Compact at any given time, including a concurrent Compact for purposes of regional economic integration or cross-border collaborations, only if the Board determines that the country is making considerable and demonstrable progress in implementing the terms of existing Compacts and supplementary agreements thereto.

b. CONFORMING AMENDMENTS.—

1. Section 609(b)(1) of such Act (22 U.S.C. 7708(b)(1)) is amended by striking "the eligible country" and inserting "each eligible country or regional development strategy in the case of regional investments"; and by striking "the" and inserting "each" before "country" in subsections 609(b)(1)(A), (B), (E) and (J);
2. Section 609(b)(3) of such Act (22 U.S.C. 7708(b)(3)) is amended by inserting after "national development strategy" "or regional development strategy" and by inserting after "government of the country" "or governments of the countries in the case of regional investments";
3. Section 613(b)(2)(A) of such Act (22 U.S.C. 7712(b)(2)(A)) is amended by striking "the" before "Compact" and inserting "any".

Changes to the FY 2015 Appropriations Language

The Consolidated and Further Continuing Appropriations Act, 2015 included two provisos which should be adjusted or stricken.

- *Provided further,* **That up to 5 percent of the funds appropriated under this heading may be made available to carry out the purposes of section 616 of the MCA for fiscal year 2014**

  The Millennium Challenge Act of 2003, as amended, allows for up to 10 percent of appropriated funds to be used for threshold program assistance under section 616. Restoring the 10 percent cap allows the agency more flexibility in selecting countries for such assistance and developing robust threshold programs.

- *Provided further,* **That no country should be eligible for a threshold program after such country has completed a country compact:**

  In cases where there has been significant political or governance changes since MCC's previous compact, threshold program assistance may be more appropriate than either a subsequent compact or no engagement. Removing this restriction would allow more flexibility to select countries at the appropriate level of assistance and "test the waters" before a subsequent compact.

Appendix: FY 2014 Annual Performance Report and Plan

In accordance with the Government Performance and Results Act of 1993 (GPRA) and the GPRA Modernization Act of 2010, MCC's FY 2014 Annual Performance Report (APR) is contained in these appendices of the FY 2016 Congressional Budget Justification. MCC's Agency Financial Report for FY 2014 has been produced separately and can be accessed at http://www.mcc.gov/documents/reports/report-fy2014-afr.pdf. Additionally, pursuant to GPRA, MCC is in the process of developing a new strategic plan and anticipates releasing it during FY 2015.

MCC's Data-Driven Selection Process

MCC works with countries committed to good policy performance as determined by the MCC Board of Directors consisting of the Secretary of State, Secretary of the Treasury, U.S. Trade Representative, USAID Administrator, and MCC's Chief Executive Officer, as well as four non-governmental members appointed by the President and confirmed by the U.S. Senate.

MCC is the only donor agency in the world to base selection so heavily and transparently on public, third-party policy performance data. MCC publishes annual scorecards of country performance on its 20 selection indicators that measure and compare commitment to democratic governance, economic freedom, and investment in people. The indicators–all drawn from publicly available datasets widely used across the international development community–are used to identify countries with policy environments that allow MCC funding to be effective. With many countries eager to demonstrate a commitment to policy improvement because of the transparent selection criteria, this approach often inspires policy reform even before spending money and has been called the "MCC effect."

When choosing country partners, the Board, by law, also takes into consideration the opportunity to reduce poverty and generate economic growth as well as funds available to MCC. When considering if a country should be eligible for a subsequent compact, the board also looks at that country's record implementing its first compact.

Supplemental Information

MCC's annual country scorecards play a key role in the selection process, helping identify a country's commitment to policy reform and good governance relative to its income peers. In addition, the Board considers whether any adjustments should be made for data gaps, data lags or recent events since the indicators were published, as well as strengths or weaknesses in particular indicators. Where appropriate, the board will take into account additional quantitative and qualitative information, such as evidence of a country's commitment to fighting corruption, investments in human development outcomes, or poverty rates. The types of supplemental data and lists of sources can be found on MCC's website (http://1.usa.gov/18Qibjn).

Subsequent Compacts

MCC's founding legislation permits the agency to enter into one or more subsequent compacts after completing a first. This provision recognizes the reality that for poor countries, even the ones with strong policies conducive to economic growth already in place, it takes decades of sustained growth to lift citizens out of poverty. However, MCC's relationship with countries is not and should not be open-ended. MCC's board is particularly selective when determining eligibility for subsequent compacts. In those cases where subsequent compacts have been considered, they were determined to play a pivotal role in the ability to reduce poverty, promote economic growth, and provide opportunities to explore more innovative approaches, including ways to leverage additional country resources as well as potential private sector investment.

Selection for subsequent compacts is not automatic; on top of strong scorecard performance, the Board also assesses the first compact. To assess implementation of a prior compact, the Board examines the implementation of the first compact (especially in the areas of achievement of results, committed partnership and adherence to policies); looks for evidence of improved scorecard policy performance; and expects a commitment to further, deep sectoral reform in a subsequent compact.

Evidence and Evaluation after Selection

MCC's selection process is data driven, as is the process for making investment decisions and evaluating results. MCC shares its data and learning publicly to improve its business and allow others to benefit from its experience.

Investment Decisions

After using data to drive selection, MCC then uses economic analysis to inform investment decisions. Because most poor countries have many development needs, local and international stakeholders often struggle with setting priorities. MCC uses several tools to identify investment opportunities that will be cost-effective and do the most to raise incomes and reduce poverty.

- MCC asks partner countries to conduct a **constraints analysis** to identify the barriers to private investment and economic growth. Based on this analysis, in consultation with civil society and the private sector, countries propose possible projects for overcoming these barriers.
- **Program logic** describes how a proposed investment is expected to reduce poverty through economic growth. It outlines the chain of project activities, showing how household incomes will increase. It informs project design, economic analysis and evaluation questions.
- **Cost-benefit analysis** is used by partner countries and MCC to estimate the expected increase in household incomes of each proposed project. This helps MCC distinguish among projects with significant potential to spur growth and reduce poverty versus those that may be politically popular within a partner country but do not anticipate sufficient returns.
- MCC calculates **economic rates of return (ERRs)** to inform project decisions and measures them again during implementation if projects are modified. The cost-benefit analysis describes how the dollars spent on each activity will lead to higher incomes. It generates an ERR that reflects the fundamental economic viability of each proposed investment—that is, whether the expected results justify the costs.
- MCC and partner countries use an **initial social and gender analysis (ISGA)** as well as **beneficiary**

analysis (BA) to assess how estimated project income gains will affect different income groups.

Monitoring Results

MCC is committed to delivering and measuring results throughout the investment lifecycle. MCC's results framework measures, collects, and helps MCC learn about: policy reforms associated with compact eligibility; program investments; project inputs and outputs; interim outcomes; and performance and impact as measured through independent evaluations. MCC publishes quarterly reports of monitoring indicators against compact targets.

Leadership in Evaluation Practices

MCC uses independent evaluations for learning and accountability and to test assumptions about what works to reduce poverty. MCC's independent evaluations build on monitoring to track input, output, and some outcome indicators during compact implementation. It is common in the development community to focus on inputs (such as the funds dedicated to farmer training), outputs (such as the number of farmers trained), and increasingly on some intermediate outcomes (such as the rate of farmer adoption of improved techniques for cultivation). MCC takes evaluation one step further to see if a link can be made between these indicators and an ultimate impact of increased household incomes. This is a difficult task, and evaluations are the primary mechanisms for measuring whether or not that link occurred and why by testing the assumptions underlying the program logic. Results build evidence to inform future investment decisions, both at MCC and in the broader development community.

Distinguishing between impact and performance evaluations.

- **Performance evaluations** estimate the contribution of MCC investments to changes in trends on outcomes, including household income. Performance evaluations are less rigorous and cannot attribute causal impact to MCC investments because they do not utilize a counterfactual. Performance evaluations serve an accountability purpose by comparing changes between situations before and after MCC investments.
- **Impact evaluations** are the most rigorous form of evaluations because they estimate the causal impact of MCC investments on key outcome indicators. They make it possible to know whether the observed impacts were caused specifically by an MCC investment or are the result of external factors. Impact evaluations compare what happened with the investment to what would have happened without it through the use of a counterfactual. About 40 percent of MCC's project portfolio is covered by impact evaluations.

Transparency and Learning

MCC shares its data and learning publicly to improve its business and allow others to benefit equally from its experience. In 2013, the International Aid Transparency Index ranked MCC the most transparent aid agency in the world. More importantly, MCC believes that its commitment to transparency is what holds the agency accountable to its mission and to learn and do better. MCC continues to look for ways to make its evidence, evaluation, and learning more accessible and useful to the agency's own learning and for the broader development community.

Program Portfolios and Results

Compact Amounts at Signing and Key Dates ($ millions)*

Partner Country	Sub-Saharan Africa	Europe, Asia and Pacific	Middle East and N. Africa	Latin America	Signing	Entry Into Force	Closed Dates
Madagascar	109.8				4/18/2005	7/27/2005	8/31/2009
Honduras				215.0	6/13/2005	9/29/2005	9/29/2010
Cabo Verde	110.1				7/4/2005	10/17/2005	10/17/2010
Nicaragua				175.0	7/14/2005	5/26/2006	5/26/2011
Georgia		395.3			9/12/2005	4/7/2006	4/7/2011
Benin	307.3				2/22/2006	10/6/2006	10/6/2011
Vanuatu		65.7			3/2/2006	4/28/2006	4/28/2011
Armenia		235.7			3/27/2006	9/29/2006	9/29/2011
Ghana	547.0				8/1/2006	2/16/2007	2/16/2012
Mali	460.8				11/13/2006	9/17/2007	8/24/2012
El Salvador				460.9	11/29/2006	9/20/2007	9/20/2012
Mozambique	506.9				7/13/2007	9/22/2008	9/22/2013
Lesotho	362.6				7/23/2007	9/17/2008	9/17/2013
Morocco			697.5		8/31/2007	9/15/2008	9/15/2013
Mongolia		284.9			10/22/2007	9/17/2008	9/17/2013
Tanzania	698.1				2/17/2008	9/17/2008	9/17/2013
Burkina Faso	480.9				7/14/2008	7/31/2009	
Namibia	304.5				7/28/2008	9/16/2009	
Senegal	540.0				9/16/2009	9/23/2010	
Moldova		262.0			1/22/2010	9/1/2010	
Philippines		433.9			9/23/2010	05/25/11	
Jordan			275.1		10/25/2010	12/13/11	

Partner Country	Sub-Saharan Africa	Europe, Asia and Pacific	Middle East and N. Africa	Latin America	Signing	Entry Into Force	Closed Dates
Malawi	350.7				4/7/2011	9/20/2013	
Indonesia		600.0			11/19/2011	4/2/2013	
Cabo Verde, 2012	66.2				2/10/2012	11/30/2012	
Zambia	354.8				5/10/2012	11/15/2013	
Georgia, 2013		140.0			6/26/2013		
Ghana, 2014	498.2				8/5/2014		
El Salvador, 2014				277.0	9/30/2014		

* Please note that the values above are the signed compact amounts and do not reflect lower actual expenditures due to early terminations or funds for a compact not being fully spent. The table on the next page reflects the net obligations/commitments associated with each compact.

Compact Obligations/Commitments by Year Appropriated as of September 2014 ($ millions)*

Country	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
Armenia		176.6										176.6
Benin		301.8										301.8
Burkina Faso					480.9							480.9
Cabo Verde, 2005	108.5											108.5
Cabo Verde, 2012									66.2			66.2
El Salvador, 2006			361.8	87.8								449.6
El Salvador, 2014				8.0					109.0	160.0		277.0

Georgia, 2005	290.2	24.2		17.0	55.8							387.2
Georgia, 2013									140.0			140.00
Ghana, 2006		536.3										536.3
Ghana, 2014			17.0							283.0	198.2	498.2
Honduras	204.0											204.0
Indonesia		55.0						545.0				600.0
Jordan						55.0	220.1					275.1
Kenya			0.1									0.1
Lesotho				358.0								358.0
Madagascar	85.6											85.6
Malawi							209.9	140.8				350.7
Mali			435.6									435.6
Moldova	90.7	16.4	8.5	0.9	9.0	86.6	50.0					262.0
Mongolia				269.0								269.0
Morocco		72.0	578.2									650.2
Mozambique				447.9								447.9
Namibia				224.1	80.4							304.5
Nicaragua	112.7											112.7
Philippines							433.9					433.9
Senegal						540.0						540.0

Tanzania					694.5							694.5
Vanuatu		65.4										65.4
Zambia									354.8			354.8
Grand Total	891.7	1,247.6	1,401.1	1,412.8	1,320.6	681.6	913.9	685.8	670.0	442.0	198.2	9,866.3

*Amounts are net of de-obligations, where applicable. Also, amounts may not add due to rounding.

Threshold Program Amounts at Signing ($ millions)

Country	Sub-Saharan Africa	Eurasia	Latin America	Middle East and N. Africa	Signing Date	Completion Date
Burkina Faso	12.9				7/22/2005	9/30/2008
Malawi	20.9				9/23/2005	9/30/2008
Albania		13.9			4/3/2006	11/15/2008
Tanzania	11.2				5/3/2006	12/30/2008
Paraguay			34.6		5/8/2006	8/31/2009
Zambia	22.7				5/22/2006	2/28/2009
Philippines		20.7			7/26/2006	5/29/2009
Jordan				25.0	10/17/2006	8/29/2009
Indonesia		55.0			11/17/2006	12/31/2010
Ukraine		45.0			12/4/2006	12/31/2009
Moldova		24.7			12/14/2006	2/28/2010
Kenya	12.7				3/23/2007	12/31/2010
Uganda	10.4				3/29/2007	12/31/2009
Guyana			6.7		8/23/2007	2/23/2010
Sao Tome & Principe	8.7				11/9/2007	4/15/2011
Kyrgyz Republic		16.0			3/14/2008	6/30/2010
Niger*	23.1				3/17/2008	In progress

Country	Sub-Saharan Africa	Eurasia	Latin America	Middle East and N. Africa	Signing Date	Completion Date
Peru			35.6		6/9/2008	9/30/2012
Rwanda	24.7				9/24/2008	12/31/2011
Albania		15.7			9/29/2008	7/31/2011
Paraguay			30.3		4/13/2009	7/31/2012
Liberia	15.1				7/6/2010	12/1/2013
Timor-Leste		10.5			9/22/2010	3/31/2014
Honduras			15.6		8/29/2013	In progress

* MCC had a $23 million threshold program with Niger prior to suspension; however, only $17 million was spent prior to suspension and now $2 million has been allocated to complete the program.

Results of Recently Closed Compacts

Burkina Faso

The $480.9 million Burkina Faso Compact sought to reduce poverty through economic growth by making strategic investments to improve land tenure security and land management, enhance the volume and value of agriculture production, expand access to markets through investments in the road network, and increase primary school completion rates for girls.

Burkina Faso

Policy Reforms	**Agriculture Development Project** Integrated Water Resource Management (IWRM): The project worked with the Government of Burkina Faso (GOBF) to develop IWRM plans and strengthen water management institutions in the Mouhoun and Comoé Basins. These plans, the first of their kind, create a policy environment and institutional framework that allows for participatory feedback from local water users to ensure improved protection and equitable distribution of valuable water resources, proper levying of water use fees, adequate operation and maintenance of public infrastructure, and the realization of the economic potential of approximately 5 million Burkinabè living in the basins. Properly implemented IWRM plans will promote efficient use of land and water resources and increase agricultural production and employment opportunities. **Roads Project** The Burkina Faso Road Maintenance Fund (FER-B): The institutional arrangements for nationwide road maintenance have been enhanced under the compact. The FER-B adopted private sector accounting practices along with using a competitive selection panel for the director general. The board of FER-B also was restructured in order to have private sector participation and a change in statutes now allows private entities to supervise maintenance works. Additionally, procurement, financial, accounting, standardized bidding documents, and technical manuals were created and adopted. The GOBF has created, adopted and plans to continually update a five-year road maintenance plan and their 15-year master plan. **Rural Land Governance Project** Rural Land Law, Agrarian and Land Reorganization and Rural Land Services: Policy performance was outstanding. Under the project (including pre-compact support), Burkina Faso's key laws on rural land were improved to emphasize more secure private rights to land, better land-use planning, and better conflict resolution. Fifty-four legal and regulatory reforms were adopted nationwide and decentralized land management services were implemented in 47 of Burkina Faso's 302 rural communes. Other donors such as the French Development Agency, the European Union, the World Bank, and the GOBF itself have committed to expanding MCC-funded advancements to the remaining communes countrywide.

Outputs	**Roads Project** • As of the compact end date, 194 kilometers of primary roads were paved and 83.8 kilometers of rural roads were upgraded. An additional 80 kilometers of primary roads and 61.2 kilometers of rural roads were completed by the end of the compact closure period, meeting the compact's targets for a total of 274 kilometers of primary roads and 145 kilometers of rural roads. • The 51 government officials trained in road maintenance management and planning exceeded the target of 40. • At compact end, MCC funded the periodic maintenance of 322.5 kilometers of primary and rural roads, worth $29 million. **Rural Land Governance Project** • 54 transformational laws and supporting regulations were developed to improve private rights to land, improve recognition and administration of those rights, and create a system of mediation of land disputes so they could be resolved quickly and cheaply. Land services offices were established in all 47 targeted communes, including building construction, personnel training, and technical assistance. • The government approved 2,167 rural land possession certificates (APFRs) out of a targeted 6,000. APFRs provide formal land use rights to individuals and is a new instrument to formalize land tenure created under the legal reforms described above and managed by the newly established land services offices. The government continues to issue APFRs post-compact. **Agriculture Development Project** • The project exceeded the original target of 2033 hectares, providing 2240 hectares, under improved irrigation. The Lery reservoir structure and dam gates were also rehabilitated under the compact. • 12,307 farmers were trained in improved production and farm management techniques, exceeding the compact's target of 9,800 farmers trained. • 96 borrowers received medium-term loans totaling $2.8 million. (To allocate resources where they could make the greatest impact, the rural finance facility was discontinued as it was not meeting its targets.)

- 16 water user associations were established with 207 executive officers trained.

BRIGHT 2 Schools Project

- As targeted, 396 classrooms for grades 4-6, 122 kindergartens, and 264 private latrines were constructed. In addition, 10 boreholes were dug and seven boreholes rehabilitated.
- The compact provided more than 185,000 sacks of dry rice for home consumption and daily meals for over 15,000 students during the school year.
- Fourteen community awareness-raising sessions on girls' education were held, and 80 community meetings were held on girls' schooling, management and maintenance.

Expected Outcomes	**Roads Project** • Increased commercial investment and economic activities due to reduced travel time and vehicle operating costs. • Improved access to markets and health and education services. • Reduced travel time and reduced vehicle operating costs. • Increased sustainability of road network and protection of investments. **Rural Land Governance Project** • Increased tenure security, including both perceptions of tenure security and decreases in actual conflict. • Increase in productive investments (land use shifts) and agricultural productivity by households and firms. • Improved access to land, land allocation and utilization. **Agriculture Development Project** • Farmers realize sustainable increases in productivity, yields, and profits and have year-round access to irrigation. • Higher net income from agriculture/livestock and related products and sustained increases in livestock productivity. • Sustainable water resource management: Equitable allocation of water resources and reduced water use conflicts. • Sustainable and effective operation and maintenance of irrigation infrastructure. **BRIGHT 2 Schools Project** • Maintain school enrollment rates for girls. • Maintain high attendance rates and primary school completion rates for girls. • Anchor importance of girls' education in communities.

Evaluations	**Roads Project** • A performance evaluation and repeat analysis will be conducted to review traffic counts as well as a roughness assessment, tested by a repeat model evaluation. Final analyses and results are expected at the end of 2017. **Rural Land Governance Project** • An impact evaluation will be conducted for the rural land governance project to assess perceptions of land-tenure security, frequency and types of land conflicts, etc. The evaluation has been divided into two phases. Baseline surveys have been conducted for both phases, along with an interim survey for phase 1. Follow-up surveys for both phases are planned for 2017. **Agriculture Development Project** • For the Integrated Water Resource Management Activities, qualitative performance evaluations will be conducted approximately one year after project completion (Fall 2015) to assess continuity and sustainability of IWRM institutions and market structures. The final report is expected in early 2016. • Di lottery evaluation: A randomized control trial is underway to examine the impact of the new irrigated perimeter on recipients' incomes and farming practices. The final report is expected in early 2018. • Farmer training evaluation: An impact evaluation is underway to assess adoption of new practices, crop yields, and agricultural income. The final report is expected by early 2018. • Access to Rural Finance Activity: A qualitative performance evaluation will be conducted in 2015. The evaluation will assess activity conception, implementation, and short-term outcomes. The final report is expected in late 2015. **BRIGHT 2 Schools Project** • An impact evaluation is being conducted, focusing on student enrollment and student achievement. The final report is expected by the end of 2015.

The $304.5 million Namibia Compact was designed to reduce poverty through economic growth in Namibia. The program focused on improving the quality of education and training for underserved populations, and also attempts to capitalize on Namibia's comparative advantages, namely large areas of semi-arid communal land suitable for livestock grazing, natural products indigenous to Namibia and diverse wildlife and unique landscapes ideal for ecotourism.

COUNTRY

Policy Reforms	• Under the education project, the compact introduced a new preventive maintenance policy and operational guidelines for school infrastructure that clarified the roles and responsibilities in carrying out maintenance activities. • Through compact support, Namibia now has a levy system to finance vocational training. The National Training Fund was officially launched in April 2014 as a solid platform to advance access to vocational education in Namibia. By June 2014, a total of 2,100 employers were registered for the levy. The levy is established to support competition in the training market, specifically targeting priority skills. • A Continuous Professional Development system was established at the regional level to support assessments and improve coordination of training needs. • A policy was established for the Namibia Student Financial Assistance Fund, with accompanying strategy, regulations, procedures, and guidelines to facilitate more equitable distribution of and improved cost-recovery from student loans. • The Ministry of Environment and Tourism created a housing policy to support construction of new housing at Etosha National Park, plus an incentive-based staffing plan intended to sustain the benefits from the new infrastructure. • Under the Communal Land Support Project, for the first time since the operationalization of the Government of Namibia Communal Land Reform Act in 2003, a total of 19 policy recommendations forwarded to the Ministry of Land and Resettlement were approved. The most significant policy change is new procedures for spousal and joint registration of land rights. This change led to a revision of the land/parcel registration form to include spouses and, in particular, women. • In 2010, the Government of Namibia ratified a policy that allows it to more easily trace the sourcing of indigenous natural products and issue permits to produce and sell a sustainable level of devil's claw. This new devil's claw policy was revisited and revised three years later through an extensive stakeholder consultative process.

Outputs	**Education Project** Improving quality of education activity • 48 schools built and/or renovated mostly in the poorest region of Namibia. These schools benefited from refurbished furniture, laboratory and IT equipment and notebook computers. • The partnership among Microsoft, Adaptrum, My Digital Bridge Foundation, and the Ministry of Education piloted TV white space technology to provide high-speed broadband internet to 27 rural schools and 10 educational circuit offices. • 65 educators provided instructional leadership skills • 105 administrators trained in facilities maintenance management • 159 educators trained in HIV/AIDS awareness Vocational training activity • 8 Community Skills Development Centers built or renovated to increase the income-earning capacity of marginalized populations by developing their entrepreneurial and technical skills and fostering their participation in micro and small enterprises Improving access and management of textbooks • Over 1.7 million textbooks covering math, English and sciences were procured and distributed nationally. Investment in Regional Resource Study Centers • 3 Regional Resource and Study Centers built • 24,000 books purchased and distributed to Regional Resource and Study Centers **Tourism Project** Improving management and infrastructure at Etosha National Park • 100 percent of planned staff houses built at Etosha National Park • 30 junior staff houses renovated • 20 picnic sites built and upgraded Conservancy support • 31 conservancies provided with capacity building

training and services
- Over 2,700 animals trans-located to communal conservancies

Marketing Namibia tourism

- 20 destination online-marketing tools developed
- 822 Namibian industry members trained
- 158 North American tourism businesses offer tours of Namibia compared with 106 at the start of the compact

Agriculture Project

Land Access and Management Activity

- 19 communal land legal and regulatory reforms adopted
- 552 communal land outreach events held
- 2,524 communal land stakeholders trained
- 8,869 parcels corrected or incorporated in land system
- 4,356 household land rights formalized
- 70 water infrastructure sites built or rehabilitated
- 1,290 participating households registered in the Community-Based Rangeland and Livestock Management program, and 38 grazing areas doing combined herding
- 33 field facilitators certified in rangeland management

Livestock Support Activity

- 5 new state veterinary offices constructed
- 2 quarantine camps rehabilitated
- 1,770,313 cattle tagged with radio tracking tags

Indigenous Natural Products (INP) Activity

- 61 Producer and Processor Organizations (PPOs) trained in organizational management
- 3 PPOs certified as organic, fair trade, ethical trade, or to meet other specific requirements
- 9,238 INP producers belonging to a PPO with a signed service agreement trained
- 5,272 INP producers trained in sustainable harvesting techniques

Preliminary and Expected Outcomes	**Education Project** • 64 vocational training providers accredited or registered • 1,500 individuals trained in high-priority skills through the vocational training grant fund. Additional expected outcomes under the Education Project, which will be monitored post-compact, include: • Improved pass rates on grade 10 and grade 12 math, science and English exams • 80 percent compliance rate for national training levy • 75 percent of supported vocational training graduates secure employment • 53 percent increase in income for vocational training grant fund trainees • 240,000 visitors to Regional Study and Resource Centers in first year • 33,980 book loans in first year from Regional Study and Resource Centers, including 1,980 from mobile units **Tourism Project** • More than N$136,000,000 of new private sector investments secured by conservancies assisted by MCA-Namibia • 15 joint venture agreements between conservancies and private lodge operators established to build lodges and camps • 224 new job opportunities created in conservancies through joint venture agreements and other endeavors Over 26,000 North American tourists arrived in Namibia during the 2012-2013 season, compared with 24,000 the previous year and 23,000 at baseline. **Agriculture Project** • Five operational state veterinary offices • N$3.8 million paid to producers from indigenous natural products sales in 2014 compared to N$1.2 million at baseline

Evaluations	**Education Project** • Three vocational training sub-activities are being evaluated through a combination of impact and performance evaluations. The evaluations focus on changes to the vocational training sector, as well as income and employment-related outcomes of trainees attending vocational training institutions supported by the compact. Baseline results are expected in 2015; final results are expected in 2016. • The Regional Study and Resource Center Activity is subject to a performance evaluation that is focused on the implementation and initial operations of these centers, how the centers are being used and the outcomes associated with that use. Reports will be produced periodically beginning in 2015. • A performance evaluation planned for Improving the Quality of General Education and Textbook activities will explore changes in the quality and efficiency of the procurement and distribution of textbooks. Results are expected in 2016-17. **Tourism Project** • Performance evaluations of the Improved Management of Etosha National Park (ENP) and Tourism Marketing Activities will focus on changes in ENP management following the compact and tourism outcomes. Reports are expected in 2016. **Agriculture Project** • An impact evaluation of the Community-Based Rangeland and Livestock Management Sub-Activity is focused on livestock, natural resource, and household wellbeing outcomes. Initial results are expected in 2015. • A performance evaluation of the Communal Land Support Sub-Activity focuses on changes in knowledge and awareness of land rights and procedures as well as perceptions of tenure security. Initial results are expected in 2015.

Compact Modifications

MCC employs a risk-based approach to the management of its foreign assistance portfolio and uses a number of mechanisms for managing projects that face potential major modifications, including:

- Quarterly portfolio reviews of all compacts, with a focus on high-risk projects and activities;
- Early identification of high-risk projects;
- Close collaboration with partner countries to develop plans to prevent, mitigate, and manage project restructuring; and
- Approval of modifications at the appropriate level.

MCC has also refined its compact development process to ensure that adequate due diligence is conducted on programs in advance of compact signing to increase the reliability of technical, cost and other estimates. During compact development, MCC also makes project design modifications to mitigate potential completion risk, currency fluctuations, and the potential for construction cost overruns.

There are no programmatic changes/compact modifications to report for FY 2014.

Estimating Compact Beneficiaries and Benefits

Under MCC's results framework, beneficiaries are defined as an individual and all members of that household who will experience an income gain as a result of MCC interventions. MCC considers that the entire household will benefit from the income gain and counts are multiplied by the average household size in the area or country. The beneficiary standard makes a distinction between individuals participating in a project and individuals expected to increase income as a result of the project. Before signing a compact, MCC estimates expected long-term income gains through a rigorous benefit-cost analysis and may modify estimates and/or the present value (PV) of benefits when project designs change during implementation.

Projected Beneficiaries and Income Benefits by Compact 2 3

Compact	Estimated Number of Beneficiaries	Estimated Long-Term Income Gain Over the Life of the Project (PV of Benefits) [4]
Armenia	428,000	$295,500,000
Benin	14,059,000	$409,600,000
Burkina Faso	1,181,000	$151,000,000
Cabo Verde 2005	385,000	$149,500,000
Cabo Verde 2012	604,000	$112,900,000
El Salvador	706,000	$366,700,000
Georgia 2005	143,000	$301,300,000
Georgia 2013	1,770,000	$338,000,000
Ghana	1,217,000	$690,300,000
Honduras	1,705,000	$237,300,000

Compact	Estimated Number of Beneficiaries	Estimated Long-Term Income Gain Over the Life of the Project (PV of Benefits) [4]
Indonesia1	2,900,000	$217,000,000
Jordan	3,657,000	$398,900,000
Lesotho	1,041,000	$376,000,000
Madagascar	480,000	$123,200,000
Malawi	983,000	$567,200,000
Mali	2,837,000	$393,600,000
Moldova	414,000	$259,900,000
Mongolia	2,058,000	$314,800,000
Morocco	1,695,000	$805,400,000
Mozambique	2,685,000	$542,300,000
Namibia	1,063,000	$310,400,000
Nicaragua	119,000	$83,500,000
Philippines	125,822,000	$483,300,000
Senegal	1,550,000	$625,000,000
Tanzania	5,425,000	$1,474,000,000
Vanuatu	39,000	$73,800,000
Zambia	1,230,000	$283,300,000
Total [5]	**174,996,000**	**$10,100,300,000**

Sector Results—Agriculture, Education, Land, Roads, Water

Agriculture and Irrigation Common Indicators

A focus on results is one of the core principles on which the Millennium Challenge Corporation (MCC) was founded. Within country-specific plans, MCC uses common indicators to aggregate results across countries within certain sectors. MCAs are not required to report on certain common indicators where collecting that data is too costly or infeasible given existing data collection plans.

Agriculture and Irrigation Common Indicators

		Process Indicators						Output Indicators					Outcome Indicators	
Country	Region	(AI-1) Value of signed irrigation feasibility and design contracts (USD)	(AI-2) Percent disbursed of irrigation feasibility and design contracts	(AI-3) Value of signed irrigation construction contracts (USD)	(AI-4) Percent disbursed of irrigation construction contracts	(AI-5) Temporary employment generated in irrigation	(AI-6) Farmers trained	(AI-7) Enterprises assisted	(AI-8) Hectares under improved irrigation	(AI-9) Loan borrowers	(AI-10) Value of agricultural and rural loans (USD)	(AI-11) Farmers who have applied improved practices as a result of training	(AI-12) Hectares under improved practices as a result of training	(AI-13) Enterprises that have applied improved techniques
MCC Total		65,086,225	93.0%	671,333,769	79.3%	6,145	271,650	4,147	120,063	1,171	87,753,366	124,209	34,947	976
Armenia	EAPLA	4,601,073	100.0%	106,653,443	100.0%	2,389	45,639	227	-	1,008	13,133,200	26,424	-	178
El Salvador		-	-	-	-	-	15,363	272	-	29	10,820,274	11,520	-	163
Georgia		1,155,881	53.4%	-	-	-	-	291	-	-	19,880,003	-	-	-
Hon		-	-	-	-	-	7,2	46	40	-	17,1	6,9	-	-

		Process Indicators					Output Indicators						Outcome Indicators	
Country	**Region**	**(AI-1) Value of signed irrigation feasibility and design contracts (USD)**	**(AI-2) Percent disbursed of irrigation feasibility and design contracts**	**(AI-3) Value of signed irrigation construction contracts (USD)**	**(AI-4) Percent disbursed of irrigation construction contracts**	**(AI-5) Temporary employment generated in irrigation**	**(AI-6) Farmers trained**	**(AI-7) Enterprises assisted**	**(AI-8) Hectares under improved irrigation**	**(AI-9) Loan borrowers**	**(AI-10) Value of agricultural and rural loans (USD)**	**(AI-11) Farmers who have applied improved practices as a result of training**	**(AI-12) Hectares under improved practices as a result of training**	**(AI-13) Enterprises that have applied improved techniques**
duras							65	4	0		00,000	96		
Moldova		4,930,848	93.1%	79,906,386	35.9%	121	4,638	273	–	38	6,653,126	1,271	–	37
Nicaragua		700,000	100.0%	–	–	–	9,104	–	–	–	–	9,104	–	–
Burkina Faso	AFRICA	11,311,418	95.5%	57,141,012	107.7%	2,414	10,553	272	2,240	96	1,209,000	7,035	3,369	28
Cabo Verde I		–	–	5,167,848	97.6%	–	553	–	13	–	617,000	106	–	–

		Process Indicators					Output Indicators						Outcome Indicators	
Country	**Region**	**(AI-1) Value of signed irrigation feasibility and design contracts (USD)**	**(AI-2) Percent disbursed of irrigation feasibility and design contracts**	**(AI-3) Value of signed irrigation construction contracts (USD)**	**(AI-4) Percent disbursed of irrigation construction contracts**	**(AI-5) Temporary employment generated in irrigation**	**(AI-6) Farmers trained**	**(AI-7) Enterprises assisted**	**(AI-8) Hectares under irrigation**	**(AI-9) Loan borrowers**	**(AI-10) Value of agricultural and rural loans (USD)**	**(AI-11) Farmers who have applied improved practices as a result of training**	**(AI-12) Hectares under improved practices as a result of training**	**(AI-13) Enterprises that have applied improved techniques**
Ghana		5,202,887	100.0%	13,009,963	100.0%	–	66,930	1,724	514	–	16,740,762	59,060	–	535
Madagascar		–	–	–	–	–	31,366	324	–	–	1,100,000	1,892	–	1
Mali		9,077,220	98.2%	148,951,503	98.3%	–	1,308	–	97,503	–	500,000	801	–	–
Morocco		18,949,079	100.0%	108,017,501	99.0%	–	40,863	114	19,393	–	–	–	31,578	34
Mozambique		–	–	–	–	–	28,830	186	–	–	–	–	–	–

		Process Indicators					Output Indicators						Outcome Indicators	
Country	**Region**	**(AI-1) Value of signed irrigation feasibility and design contracts (USD)**	**(AI-2) Percent disbursed of irrigation feasibility and design contracts**	**(AI-3) Value of signed irrigation construction contracts (USD)**	**(AI-4) Percent disbursed of irrigation construction contracts**	**(AI-5) Temporary employment generated in irrigation**	**(AI-6) Farmers trained**	**(AI-7) Enterprises assisted**	**(AI-8) Hectares under improved irrigation**	**(AI-9) Loan borrowers**	**(AI-10) Value of agricultural and rural loans (USD)**	**(AI-11) Farmers who have applied improved practices as a result of training**	**(AI-12) Hectares under improved practices as a result of training**	**(AI-13) Enterprises that have applied improved techniques**
Namibia		–	–	–	–	–	9,238	–	–	–	–	–	–	–
Senegal		9,157,819	67.3%	152,486,112	42.3%	1,221	–	–	–	–	–	–	–	–
Gender*														
Female						177	40,723	93		112	414,638	11,161		15
Male						3,579	73,538	366		1,030	6,238,488	23,569		50

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*Gender totals may not match overall totals due to lack of gender counting in earlier compacts.

Common Indicator Definitions

(AI-1) Value of signed irrigation feasibility and design contracts
The value of all signed feasibility, design, and environmental contracts, including resettlement action plans, for agricultural irrigation investments using 609(g) and compact funds.

(AI-2) Percent disbursed of irrigation feasibility and design contracts
The total amount of all signed feasibility, design, and environmental contracts, including resettlement action plans, for agricultural irrigation investments disbursed divided by the total value of all signed contracts.

(AI-3) Value of signed irrigation construction contracts
The value of all signed construction contracts for agricultural irrigation investments using compact funds.

(AI-4) Percent disbursed of irrigation construction contracts
The total amount of all signed construction contracts for agricultural irrigation investments disbursed divided by the total value of all signed contracts.

(AI-5) Temporary employment generated in irrigation
The number of people temporarily employed or contracted by MCA-contracted construction companies to work on construction of irrigation systems.

(AI-6) Farmers trained
The number of primary sector producers (farmers, ranchers, fishermen, and other primary sector producers) receiving technical assistance or participating in a training session (on improved production techniques and technologies, including post-harvest interventions, developing business, financial, or marketing planning, accessing credit or finance, or accessing input and output markets).

(AI-7) Enterprises assisted
The number of enterprises; producer, processing, and marketing organizations; water users associations; trade and business associations; and community-based organizations receiving assistance.

(AI-8) Hectares under improved irrigation
The number of hectares served by existing or new irrigation infrastructure that are either rehabilitated or constructed with MCC funding.

(AI-9) Loan borrowers
The number of borrowers (primary sector producers, rural entrepreneurs, and associations) who access loans for on-farm, off-farm, and rural investment through MCC financial assistance.

(AI-10) Value of agricultural and rural loans
The value of agricultural loans and rural loans disbursed for on-farm, off-farm, and rural investments.

(AI-11) Farmers who have applied improved practices as a result of training
The number of primary sector producers (farmers, ranchers, fishermen, and other primary sector producers) that are applying new production or managerial techniques introduced or supported by

MCC training or technical assistance, such as input use, production techniques, irrigation practices, post- harvest treatment, farm management techniques, or marketing strategies.

(AI-12) Hectares under improved practices as a result of training

The number of hectares on which farmers are applying new production or managerial techniques introduced or supported by MCC, such as input use, production techniques, irrigation practices, post-harvest treatment, farm management techniques, or marketing strategies.

(AI-13) Enterprises that have applied improved techniques

The number of rural enterprises; producer, processing, and marketing organizations; water users associations; trade and business associations; and community-based organizations that are applying managerial or processing techniques introduced or supported by MCC.

Education Common Indicators

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Education Common Indicators

		Process Indicators		Output Indicators			Outcome Indicators		
Country	**Region**	**(E-1) Value of signed educational facility construction, rehabilitation, and equipping contracts (USD)**	**(E-2) Percent disbursed of educational facility construction, rehabilitation, and equipping contracts**	**(E-3) Legal, financial, and policy reforms adopted**	**(E-4) Educational facilities constructed or rehabilitated**	**(E-5) Instructors trained**	**(E-6) Students participating in MCC-supported education activities**	**(E-7) Graduates from MCC-supported education activities**	**(E-8) Employed graduates of MCC-supported education activities**
MCC Total		179,080,800	94.8%	5	745	4,160	228,693	62,120	176
El Salvador	EAPLA	10,217,104	99.8%	–	22	377	30,632	4,285	–
Georgia II									

		Process Indicators		Output Indicators			Outcome Indicators		
Country	**Region**	**(E-1) Value of signed educational facility construction, rehabilitation, and equipping contracts (USD)**	**(E-2) Percent disbursed of educational facility construction, rehabilitation, and equipping contracts**	**(E-3) Legal, financial, and policy reforms adopted**	**(E-4) Educational facilities constructed or rehabilitated**	**(E-5) Instructors trained**	**(E-6) Students participating in MCC-supported education activities**	**(E-7) Graduates from MCC-supported education activities**	**(E-8) Employed graduates of MCC-supported education activities**
Mongolia		28,179,328	97.6%	5	18	1,370	17,480	11,967	176
Burkina Faso	AFRICA	22,758,211	99.9%	–	396	557	35,909	4,035	–
Ghana		18,689,747	100.0%	–	250	–	41,019	–	–
Morocco		4,491,521	100.0%	–	–	1,856	102,518	41,383	–
Namibia		94,744,889	1	0	59	–	1,135	450	–
Gender*									
Female						2,029	77,114	36,936	98
Male						1,754	71,143	20,449	78

All program data are as of September 10, 2014, with the exception of the data from Burkina Faso which are as of June 10, 2014. Data are preliminary and subject to adjustment.† Grey shading indicates closed-out Compacts; data revision is not expected for these Compacts. Indicators in this Results Framework may be added, removed , or modified as MCC’s investments in education evolve over time. ‡ All MCC education programs have as their long-term end goal an increase in individual or household income and a corresponding decrease in poverty. † All financial data is of June 10, 2014.

*Gender totals may not match overall totals due to lack of gender counting in earlier compacts.

Common Indicator Definitions

(E-1) Value of signed educational facility construction, rehabilitation, and equipping contracts
The value of all signed construction contracts for educational facility construction, rehabilitation, or equipping (e.g. information technology, desks and chairs, electricity and lighting, water systems, latrines) using compact funds.

(E-2) Percent disbursed of educational facility construction, rehabilitation, and equipping contracts
The total amount of all signed construction contracts for education facility works or equipping divided by the total value of all signed contracts.

(E-3) Legal, financial, and policy reforms adopted
The number of reforms adopted by the public sector attributable to compact support that increase the education sector's capacity to improve access, quality, and/or relevance of education at any level, from primary to post-secondary.

(E-4) Educational facilities constructed or rehabilitated
The number of educational facilities constructed or rehabilitated according to standards stipulated in MCA contracts signed with implementers.

(E-5) Instructors trained
The number of classroom instructors who complete MCC-supported training focused on instructional quality as defined by the compact training activity.

(E-6) Students participating in MCC-supported education activities
The number of students enrolled or participating in MCC-supported educational schooling programs.

(E-7) Graduates from MCC-supported education activities
The number of students graduating from the highest grade (year) for that educational level in MCC-supported education schooling programs.

(E-8) Employed graduates of MCC-supported education activities
The number of MCC-supported training program graduates employed in their field of study within one year after graduation.

Land Common Indicators

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Land Common Indicators

		Output Indicators	Outcome Indicators

Country	Region	(L-1) Legal and regulatory reforms adopted	(L-2) Land administration offices established or upgraded	(L-3) Stakeholders trained	(L-4) Conflicts successfully mediated	(L-5) Parcels corrected or incorporated in land system	(L-6) Land rights formalized	(L-7) Percentage change in time for property transactions	(L-8) Percentage change in cost for property transactions
MCC Total		108	205	99,578	13,224	304,271	304,662	NA	NA
Mongolia	EAPLA	6	15	3,920	10,639	18,336	20,672	–	–
Nicaragua		–	8	1,610	–	–	–	–	–
Benin	AFRICA	–	–	50	–	–	–	–	–
Burkina Faso		54	13	74,157	2,341	17,284	5,127	–	–
Cabo Verde II		6	14	43	–	–	–	–	–
Ghana		4	3	427	23	1,481	–	–	–
Lesotho		11	1	575	158	53,296	21,753	-93	–
Madagascar		4	115	12,216	–	–	–	–	–
Mali		–	1	1,354	–	–	–	–	–
Mozambique		–	26	1,516	–	205,005	251,556	–	–
Namibia		23	–	2,524	–	8,869	4,356	–	–
Senegal		–	9	1,186	63	–	1,198		
Gender*									
Male				61,808			–		
Female				21,495			–		

		Output Indicators						Outcome Indicators	
Country	**Region**	**(L-1) Legal and regulatory reforms adopted**	**(L-2) Land administration offices established or upgraded**	**(L-3) Stakeholders trained**	**(L-4) Conflicts successfully mediated**	**(L-5) Parcels corrected or incorporated in land system**	**(L-6) Land rights formalized**	**(L-7) Percentage change in time for property transactions**	**(L-8) Percentage change in cost for property transactions**
Joint							–		
Location									
Urban						170,005	146,969		
Rural						35,000	104,587		

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*Gender totals may not match overall totals due to lack of gender counting in earlier compacts.

Common Indicator Definitions

(L-1) Legal and regulatory reforms adopted
  The number of specific pieces of legislation or implementing regulations adopted by the compact country and attributable to compact support.

(L-2) Land administration offices established or upgraded
  The number of land administration and service offices or other related facilities that the project physically establishes or upgrades.

(L-3) Stakeholders trained
  The number of public officials, traditional authorities, project beneficiaries and representatives of the private sector, receiving formal on-the-job land training or technical assistance regarding registration, surveying, conflict resolution, land allocation, land use planning, land legislation, land management or new technologies.

(L-4) Conflicts successfully mediated
  The number of disputed land and property rights cases that have been resolved by local authorities, contractors, mediators or courts with compact support.

(L-5) Parcels corrected or incorporated in land system

The number of parcels with relevant parcel information corrected or newly incorporated into an official land information system (whether a system for the property registry, cadastre or an integrated system).

(L-6) Land rights formalized

The number of household, commercial and other legal entities (e.g., NGOs, churches, hospitals) receiving formal recognition of ownership and/or use rights through certificates, titles, leases, or other recorded documentation by government institutions or traditional authorities at national or local levels.

(L-7) Percentage change in time for property transactions

The average percentage change in number of days for an individual or company to conduct a property transaction within the formal system.

(L-8) Percentage change in cost for property transactions

The average percentage change in US Dollars of out of pocket cost for an individual or company to conduct a property transaction within the formal system.

Roads Common Indicators

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Roads Common Indicators

		Process Indicators								Output Indicators	Outcome Indicators	
Country	**Region**	**(R-1) Value of signed road feasibility and design contracts**	**(R-2) Percent disbursed of road feasibility and design contracts**	**(R-3) Kilometers of roads under design**	**(R-4) Value of signed road construction contracts**	**(R-5) Percent disbursed of road construction contracts**	**(R-6) Kilometers of roads under works contracts**	**(R-7) Temporary employment generated in road construction**	**(R-8) Kilometers of roads completed**	**(R-9) Roughness**	**(R-10) Average annual daily traffic**	**(R-11) Road traffic fatalities**
MCC		149,	89.4	4,64	2,35	76.6	3,93	43,6	2,44	NA	NA	–

		Process Indicators								Output Indicators	Outcome Indicators	
Country	**Region**	**(R-1) Value of signed road feasibility and design contracts**	**(R-2) Percent disbursed of road feasibility and design contracts**	**(R-3) Kilometers of roads under design**	**(R-4) Value of signed road construction contracts**	**(R-5) Percent disbursed of road construction contracts**	**(R-6) Kilometers of roads under works contracts**	**(R-7) Temporary employment generated in road construction**	**(R-8) Kilometers of roads completed**	**(R-9) Roughness**	**(R-10) Average annual daily traffic**	**(R-11) Road traffic fatalities**
Total		664,529	%	9	5,395,737	%	7	63	4			
Armenia	EAP LA	–	–	–	–	–	24.4	–	24.4	3.47	735	–
El Salvador		17,854,906	97%	223	230,436,425	96%	223.0	–	223.32	–	–	–
Georgia		11,980,000	99%	220.2	197,299,030	100%	220.2	–	217.90	1.50	1,092	–
Honduras		9,500,000	75%	672	184,500,000	70%	671.8	–	610.10	–	–	–
Moldova		–	–	93	93,029,240	75%	93.0	1,277	–	–	–	–
Mongolia		6,083,650	89%	19.3	73,108,907	91%	176.4	–	176.40	1.90	353	–
Nicaragua		6,900,0	100%	375.5	56,507,5	100%	74.0	–	74.0	–	–	–

		Process Indicators							Output Indicators	Outcome Indicators		
Country	**Region**	**(R-1) Value of signed road feasibility and design contracts**	**(R-2) Percent disbursed of road feasibility and design contracts**	**(R-3) Kilometers of roads under design**	**(R-4) Value of signed road construction contracts**	**(R-5) Percent disbursed of road construction contracts**	**(R-6) Kilometers of roads under works contracts**	**(R-7) Temporary employment generated in road construction**	**(R-8) Kilometers of roads completed**	**(R-9) Roughness**	**(R-10) Average annual daily traffic**	**(R-11) Road traffic fatalities**
		00			26							
Philippines		15,023,359	94%	222	194,156,353	29%	222.0	–	–	–	–	–
Vanuatu		5,300,000	100%	150	54,700,000	97%	149.7	–	149.70	3.00	368	–
Burkina Faso	AFRICA	8,339,651	95%	536	140,205,145	68%	418.6	3,705	–	–	–	6
Cape Verde I		3,520,000	92%	63	24,280,000	100%	40.6	–	40.60	2.00		–
Ghana		5,549,044	100%	943	250,604,022	100%	446.4	30,415	445.03			0
Mali		9,077,220	44%	–	42,918,038	35%	81.0	–	79.00	–	–	–
Mozambique		17,669,992	85%	253	132,240,557	88%	253.0	2,308	253		–	–

		Process Indicators							Output Indicators	Outcome Indicators		
Country	**Region**	**(R-1) Value of signed road feasibility and design contracts**	**(R-2) Percent disbursed of road feasibility and design contracts**	**(R-3) Kilometers of roads under design**	**(R-4) Value of signed road construction contracts**	**(R-5) Percent disbursed of road construction contracts**	**(R-6) Kilometers of roads under works contracts**	**(R-7) Temporary employment generated in road construction**	**(R-8) Kilometers of roads completed**	**(R-9) Roughness**	**(R-10) Average annual daily traffic**	**(R-11) Road traffic fatalities**
Senegal		11,923,377	66%	406	271,128,882	30%	375.0	2,037	–	–	–	–
Tanzania		20,943,331	105%	473	410,281,613	91%	468.34	3,921	150.14	0	0	0
Gender*												
Male								12,163				
Female								1,085				
Road Type												
Primary		76,648,098		2,044	1,491,583,144		1,916		890.60			
Secondary		24,523,359		894	378,656,353		813		610.00			
Terti		13,4		902	142,		643		460.			

		Process Indicators							Output Indicators	Outcome Indicators		
Country	Region	(R-1) Value of signed road feasibility and design contracts	(R-2) Percent disbursed of road feasibility and design contracts	(R-3) Kilometers of roads under design	(R-4) Value of signed road construction contracts	(R-5) Percent disbursed of road construction contracts	(R-6) Kilometers of roads under works contracts	(R-7) Temporary employment generated in road construction	(R-8) Kilometers of roads completed	(R-9) Roughness	(R-10) Average annual daily traffic	(R-11) Road traffic fatalities
ary		44,028			014,736				84			

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*Gender totals may not match overall totals due to lack of gender counting in earlier compacts.

Common Indicator Definitions

(R-1) Value of signed road feasibility and design contracts

The value of all signed feasibility, design, and environmental contracts, including resettlement action plans, for road investments using 609(g) and compact funds.

(R-2.1) Value disbursed of road reasibilty and design contracts

The value disbursed of all signed feasibility, design, and environmental contracts, including resettlement action plans, for road investments using 609(g) and compact funds.

(R-2) Percent disbursed of road feasibility and design contracts

The total amount of all signed feasibility, design, and environmental contracts, including resettlement action plans, for road investments disbursed divided by the total value of all signed contracts.

(R-3) Kilometers of roads under design

The length of roads in kilometers under design contracts. This includes designs for building new roads and reconstructing, rehabilitating, resurfacing or upgrading existing roads.

(R-4) Value of signed road construction contracts

The value of all signed construction contracts for new roads or reconstruction, rehabilitation, resurfacing or upgrading of existing roads using compact funds.

(R-5.1) Value disbursed of roads construction contracts

The value disbursed of all signed construction contracts for new roads or reconstruction, rehabilitation, resurfacing or upgrading of existing roads.

(R-5) Percent disbursed of road construction contracts

The total amount of all signed construction contracts for new roads or reconstruction, rehabilitation, resurfacing or upgrading of existing roads disbursed divided by the total value of all signed contracts.

(R-6) Kilometers of roads under works contracts

The length of roads in kilometers under works contracts for construction of new roads or reconstruction, rehabilitation, resurfacing or upgrading of existing roads.

(R-7) Temporary employment generated in road construction

The number of people temporarily employed or contracted by MCA-contracted construction companies to work on construction of new roads or reconstruction, rehabilitation, resurfacing or upgrading of existing roads.

(R-8) Kilometers of roads completed

The length of roads in kilometers on which construction of new roads or reconstruction, rehabilitation, resurfacing or upgrading of existing roads is complete (certificates handed over and approved).

(R-9) Roughness

The measure of the roughness of the road surface, in meters of height per kilometer of distance traveled.

(R-10) Average annual daily traffic

The average number and type of vehicles per day, averaged over different times (day and night) and over different seasons to arrive at an annualized daily average.

(R-11) Road traffic fatalities

The number of road traffic fatalities per year on roads constructed, rehabilitated or improved with MCC funding.

Water Supply, Sanitation and Hygiene Common Indicators

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Water Supply, Sanitation and Hygiene Common Indicators

		Process Indicators	**Output Indicators**	

Country	Region	(WS-1) Value of signed water and sanitation feasibility and design contracts (USD)	(WS-2) Percent disbursed of water and sanitation feasibility and design contracts	(WS-3) Value of signed water and sanitation construction contracts (USD)	(WS-4) Percent disbursed of water and sanitation construction contracts	(WS-5) Temporary employment generated in water and sanitation construction	(WS-6) People trained in hygiene and sanitary best practices	(WS-7) Water points constructed	(WS-8) Non revenue water	(WS-9) Continuity of service	(WS-10) Operating cost coverage	(WS-11) Volume of water produced**	Residential population connected to sewer system**	Residential population**	(WS-12) Access to improved water supply	(WS-13) Access to improved sanitation	(WS-14) Residential water consumption**	(WS-15) Industrial/Commercial water consumption**	(WS-16) Incidence of diarrhea**
MCC Total		64,926,780	98.8%	574,167,451	71.8%	15,142	12,038	1,181	47.9%	NA	NA	200,330,000	NA	NA	NA	NA	NA	NA	NA
El Salvador	EAPLA	6,484,687	95.9%	10,489,711	96.0%	-	2,406	-				-	-	-	83%	88%			

		Process Indicators					Output Indicators												
Country	**Region**	**(WS-1) Value of signed water and sanitation feasibility and design contracts (USD)**	**(WS-2) Percent disbursed of water and sanitation feasibility and design contracts**	**(WS-3) Value of signed water and sanitation construction contracts (USD)**	**(WS-4) Percent disbursed of water and sanitation construction contracts**	**(WS-5) Temporary employment generated in water and sanitation construction**	**(WS-6) People trained in hygiene and sanitary best practices**	**(WS-7) Water points constructed**	**(WS-8) Non revenue water**	**(WS-9) Continuity of service**	**(WS-10) Operating cost coverage**	**(WS-11) Volume of water produced****	**Residential population connected to sewer system****	**Residential population****	**(WS-12) Access to improved water supply**	**(WS-13) Access to improved sanitation**	**(WS-14) Residential water consumption****	**(WS-15) Industrial/Commercial water consumption****	**(WS-16) Incidence of diarrhea****
Georgia		266,865	100.0%	54,315,000	94.2%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Jordan		–	–	220,77	47.5%	952	–	–	58.0%	36	87%	–	–	–	–	72%	–	–	–

		Process Indicators					Output Indicators												
Country	Region	(WS-1) Value of signed water and sanitation feasibility and design contracts (USD)	(WS-2) Percent disbursed of water and sanitation feasibility and design contracts	(WS-3) Value of signed water and sanitation construction contracts (USD)	(WS-4) Percent disbursed of water and sanitation construction contracts	(WS-5) Temporary employment generated in water and sanitation construction	(WS-6) People trained in hygiene and sanitary best practices	(WS-7) Water points constructed	(WS-8) Non revenue water	(WS-9) Continuity of service	(WS-10) Operating cost coverage	(WS-11) Volume of water produced**	Residential population connected to sewer system**	Residential population**	(WS-12) Access to improved water supply	(WS-13) Access to improved sanitation	(WS-14) Residential water consumption**	(WS-15) Industrial/Commercial water consumption**	(WS-16) Incidence of diarrhea**
				5,336															
Cabo Verde II	AFRICA	1,417,590	77.9%	-	-	-	-	-	-	-	-	-	-	-	-	-	17	22,332.0	-
Gh		1,4	10	13,	10	-	77	39	-	-	-	-	-	-	-	-	36	-	-

		Process Indicators					Output Indicators													
Country	Region	(WS-1) Value of signed water and sanitation feasibility and design contracts (USD)	(WS-2) Percent disbursed of water and sanitation feasibility and design contracts	(WS-3) Value of signed water and sanitation construction contracts (USD)	(WS-4) Percent disbursed of water and sanitation construction contracts	(WS-5) Temporary employment generated in water and sanitation construction	(WS-6) People trained in hygiene and sanitary best practices	(WS-7) Water points constructed	(WS-8) Non revenue water	(WS-9) Continuity of service	(WS-10) Operating cost coverage	(WS-11) Volume of water produced**	Residential population connected to sewer system**	Residential population**	(WS-12) Access to improved water supply	(WS-13) Access to improved sanitation	(WS-14) Residential water consumption**	(WS-15) Industrial/Commercial water consumption**	(WS-16) Incidence of diarrhea**
ana		75,148	0.0%	949,465	0.0%		8	2											
Lesotho		13,345,202	100.0%	59,733,64	79%	11,527	454	175	27.0%	–	–	–	–	–	–	–	–	–	–

		Process Indicators					Output Indicators													
Country	Region	(WS-1) Value of signed water and sanitation feasibility and design contracts (USD)	(WS-2) Percent disbursed of water and sanitation feasibility and design contracts	(WS-3) Value of signed water and sanitation construction contracts (USD)	(WS-4) Percent disbursed of water and sanitation construction contracts	(WS-5) Temporary employment generated in water and sanitation construction	(WS-6) People trained in hygiene and sanitary best practices	(WS-7) Water points constructed	(WS-8) Non revenue water	(WS-9) Continuity of service	(WS-10) Operating cost coverage	(WS-11) Volume of water produced**	Residential population connected to sewer system**	Residential population**	(WS-12) Access to improved water supply	(WS-13) Access to improved sanitation	(WS-14) Residential water consumption**	(WS-15) Industrial/Commercial water consumption**	(WS-16) Incidence of diarrhea**
				5															
Mozambique		35,076,009	99.1%	169,500,497	87.5%	2,276	8,400	614	–	–	–	–	–	–	23.4	–	19.5	–	–

		Process Indicators					Output Indicators												
Country	Region	(WS-1) Value of signed water and sanitation feasibility and design contracts (USD)	(WS-2) Percent disbursed of water and sanitation feasibility and design contracts	(WS-3) Value of signed water and sanitation construction contracts (USD)	(WS-4) Percent disbursed of water and sanitation construction contracts	(WS-5) Temporary employment generated in water and sanitation construction	(WS-6) People trained in hygiene and sanitary best practices	(WS-7) Water points constructed	(WS-8) Non revenue water	(WS-9) Continuity of service	(WS-10) Operating cost coverage	(WS-11) Volume of water produced**	Residential population connected to sewer system**	Residential population**	(WS-12) Access to improved water supply	(WS-13) Access to improved sanitation	(WS-14) Residential water consumption**	(WS-15) Industrial/Commercial water consumption**	(WS-16) Incidence of diarrhea**
Tanzania		6,861,280	79.0%	45,403,796	81.1%	387	-	-	48.8%	-	113%	200,330,000	-	-	-	-	167	998,440	0.0%
Zam																			

		Process Indicators					Output Indicators												
Country	Region	(WS-1) Value of signed water and sanitation feasibility and design contracts (USD)	(WS-2) Percent disbursed of water and sanitation feasibility and design contracts	(WS-3) Value of signed water and sanitation construction contracts (USD)	(WS-4) Percent disbursed of water and sanitation construction contracts	(WS-5) Temporary employment generated in water and sanitation construction	(WS-6) People trained in hygiene and sanitary best practices	(WS-7) Water points constructed	(WS-8) Non revenue water	(WS-9) Continuity of service	(WS-10) Operating cost coverage	(WS-11) Volume of water produced**	Residential population connected to sewer system**	Residential population**	(WS-12) Access to improved water supply	(WS-13) Access to improved sanitation	(WS-14) Residential water consumption**	(WS-15) Industrial/Commercial water consumption**	(WS-16) Incidence of diarrhea**
bia																			
Gender*																			
Fem						242	5,719												

		Process Indicators					Output Indicators													
Country	Region	(WS-1) Value of signed water and sanitation feasibility and design contracts (USD)	(WS-2) Percent disbursed of water and sanitation feasibility and design contracts	(WS-3) Value of signed water and sanitation construction contracts (USD)	(WS-4) Percent disbursed of water and sanitation construction contracts	(WS-5) Temporary employment generated in water and sanitation construction	(WS-6) People trained in hygiene and sanitary best practices	(WS-7) Water points constructed	(WS-8) Non revenue water	(WS-9) Continuity of service	(WS-10) Operating cost coverage	(WS-11) Volume of water produced**	Residential population connected to sewer system**	Residential population**	(WS-12) Access to improved water supply	(WS-13) Access to improved sanitation	(WS-14) Residential water consumption**	(WS-15) Industrial/Commercial water consumption**	(WS-16) Incidence of diarrhea**
ale																			
Male						2,715	5,865												

All program data are as of September 10, 2014. Data are preliminary and subject to adjustment.† All financial data is of June 10, 2014. Grey shading indicates closed-out Compacts; data revision is not expected for these Compacts. ** This is a monitoring indicator; any change over baseline data represents the current trend and does not represent the direct impact of the MCC-investment.

*Gender totals may not match overall totals due to lack of gender counting in earlier compacts.

Common Indicator Definitions

(WS-1) Value of signed water and sanitation feasibility and design contracts
The value of all signed feasibility, design, and environmental contracts, including resettlement action plans, for water and sanitation investments using 609(g) and compact funds.

(WS-2) Percent disbursed of water and sanitation feasibility and design contracts
The total amount of all signed feasibility, design, and environmental contracts, including resettlement action plans, for water and sanitation investments disbursed divided by the total value of all signed contracts.

(WS-3) Value of signed water and sanitation construction contracts
The value of all signed construction contracts for reconstruction, rehabilitation, or upgrading of water and sanitation works using compact funds.

(WS-4) Percent disbursed of water and sanitation construction contracts
The total amount of all signed construction contracts for construction, reconstruction, rehabilitation, or upgrading of water and sanitation works disbursed divided by the total value of all signed contracts.

(WS-5) Temporary employment generated in water and sanitation construction
The number of people temporarily employed or contracted by MCA-contracted construction companies to work on construction of water or sanitation systems.

(WS-6) People trained in hygiene and sanitary best practices
The number of people who have completed training on hygiene and sanitary practices that block the fecal-oral transmission route.

(WS-7) Water points constructed
The number of non-networked, stand-alone water supply systems constructed, such as: protected dug wells, tube-wells / boreholes, protected natural springs and rainwater harvesting / catchment systems.

(WS-8) Non revenue water
The difference between water supplied and water sold (i.e. volume of water “lost”) expressed as a percentage of water supplied.

(WS-9) Continuity of service
Average hours of service per day for water supply.

(WS-10) Operating cost coverage
Total annual operational revenues divided by total annual operating costs.

(WS-11) Volume of water produced
Total volume of water produced in cubic meters per day for the service area, i.e. leaving treatment works operated by the utility and purchased treated water, if any.

(WS-12) Access to improved water supply
The percentage of households in the MCC project area whose main source of drinking water is a private piped connection (into dwelling or yard), public tap/standpipe, tube-well, protected dug well, protected spring or rainwater.

(WS-13) Access to improved sanitation
The percentage of households in the MCC project area who get access to and use an improved sanitation facility such as flush toilet to a piped sewer system, flush toilet to a septic tank, flush or pour flush toilet to a pit, composting toilet, ventilated improved pit latrine or pit latrine with slab

and cover.
(WS-14) Residential water consumption
The average water consumption in liters per person per day.
(WS-15) Industrial/Commercial water consumption
The average amount of commercial water consumed measured in cubic meters per month.
(WS-16) Incidence of diarrhea
The percentage of individuals reported as having diarrhea in the two weeks preceding the survey.

FY 2015 Corporate Goals

As part of MCC's current performance management process, Corporate Goals are adopted each year and integrated into departmental goals and individual performance plans to ensure consistency and alignment. The FY 2015 goals are listed below. Additionally, pursuant to GPRA, MCC is in the process of developing a new strategic plan and anticipates releasing it during FY 2015.

1. Improve the quality and speed of the compact development process and present to the board three compacts and one threshold agreement by September 2015.
2. Leverage internal, interagency, and private sector resources to maximize development impact of and returns on MCC investments and to increase scale of compact programs.
3. Streamline business processes to improve cost effectiveness, oversight, organizational efficiency, and compact implementation and closure.
4. Strengthen MCC practice and reputation through internal learning efforts, external engagement, and strategic communication.
5. Improve organizational performance and health through better planning, decision-making, and communication.

Endnotes

1. The International Finance Corporation and Infrastructure Journal recognized the MCC– funded concession of the South Wharf as a "top 40 public-private partnership" and the International Association of Ports and Harbors awarded its Information Technology gold prize in 2013.
2. The table includes estimates for compacts having entered into force and have ERRs from which income benefit calculations can be drawn. Information for Indonesia is available for one out of three projects at this time.
3. Estimates do not include projected beneficiaries of projects or activities that have been terminated or suspended (Madagascar, Honduras, Nicaragua, Mali, and Armenia).
4. PV of benefits is the sum of all projected benefits accruing over the life of the project, typically 20 years, evaluated at a 10 percent discount rate. Estimates are reported in USD in the year that the ERR analysis was completed. Because the PV of benefits uses a discount rate, these figures cannot be compared directly to the undiscounted financial costs of MCC compacts, but must be compared to the PV of costs instead.
5. Column totals may not equal the sum of the individual rows due to rounding.

Reducing Poverty Through Growth

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